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Summary of Report

South Korea

Politico-Strategic Front;

State-Controlled Recall System to Be Introduced

Starting next year, the government will introduce a new quality control system, which will allow it to force a company to recall domestically manufactured products with serious defects. The Korean Agency for Technology and Standards (KATS), an affiliate body of the Ministry of Knowledge Economy, said Sunday that it will tighten rules on its product recall system to better respond to consumer needs. Currently, the government is not authorized to issue a recall order on companies, and such actions are entirely dependent on their voluntary decisions. A number of advanced countries, including the United States, Germany and the United Kingdom, have recall agencies.

Clinton encouraged by signs

US SECRETARY of State Hillary Clinton said on Friday the United States is 'encouraged by signs of progress' toward the resumption of six-party talks for North Korea's nuclear disarmament. Mrs Clinton, standing next to South Korean Foreign Minister Yu Myung Hwan, told reporters that US envoy Stephen Bosworth and chief negotiator Sung Kim are 'quite heartened' by the movement in the effort to restart talks.

Two South Korea Air Force jet fighters missing

Two South Korean Air Force jet fighters are missing after they were last seen flying inland during training, the Defence Ministry said on Tuesday.

S. Korea urges North to return to six-party talks

South Korea called on North Korea on Tuesday to return to six-party talks on Pyongyang's nuclear programme, saying a nuclear North Korea is unacceptable. Cho Hyun, South Korea's deputy minister for multilateral and global affairs, said his government would pursue a two-track approach to North Korea, combining dialogue and sanctions in parallel. Six-party talks are the

most viable framework for resolving the North Korean nuclear issue, he said, adding: "We urge North Korea to promptly return to the six-party talks and show a sincere attitude toward denuclearization."

'US Ready to Improve Ties With NK After Disarmament'

The top U.S. diplomat here said Thursday the administration of President Barack Obama is ready to take steps to improve ties with North Korea, if the communist state lives up to its denuclearization pledge. Speaking at a forum in Seoul, Ambassador Kathleen Stephens urged the North to return to six-party disarmament talks without any conditions. The event was organized by the Far East Broadcasting Company. She made it clear that Pyongyang's demand for creating a peaceful regime on the Korean Peninsula and the removal of U.N. economic sanctions on Pyongyang would only be available after it rejoins the six-way forum that involves the two Koreas, the United States, China, Japan and Russia. Diplomatic efforts have been in full swing to revive momentum for reopening the six-party talks

MB Policies for Ordinary People Come Under Fire

A few policies of the Lee Myung-bak administration geared toward helping ordinary people have come under the criticism that they fail to offer substantive help for the common people. After taking office in early 2008, business-friendly President Lee, as he proclaims himself, came up with various steps such as tax cuts, which critics contend provided benefits solely for the wealthy. In the face of such backlashes, he has recently sought a series of measures aimed at helping those in low-income brackets such as small loans for the poor and support for collegians and those unable to get a foot on the property ladder. However, such moves seemingly did not impress those who are supposed to benefit.

N. Korea Accuses S. Korea of Blocking Tours

North Korea threatened Thursday to scrap all tourism accords with South Korea, unless Seoul resumes tourism to its town of Gaeseong and the Mt. Geumgang resort. The Ministry of Unification here responded that no tourists will be permitted to travel to these tourist attractions until their safety is guaranteed. Seoul put Mt. Geumgang tours on hold in July 2008 after a female tourist was shot dead by a North Korean soldier. The Gaeseong tours were suspended five

months later. The shooting incident came after the current conservative government took office in Seoul, promoting a stricter policy toward Pyongyang, emphasizing reciprocity.

KEPCO in Talks with Turkey for Nuke Plant Exports

Korea Electric Power Corp. (KEPCO) and the Turkish government are likely to sign a memorandum of understanding (MOU) late this month on a joint study to build a nuclear power plant in Turkey. Under the MOU, KEPCO and Turkey will form a task force to tackle such issues as site selection, period of construction and financing, the Ministry of Knowledge Economy said Thursday.

State Spending on Public Infrastructure Rated Inefficient

Korea has been ranked in the bottom group among OCED members for the efficiency and outcome of public infrastructure investment, according to the Korea Institute of Public Finance (KIPF), a state-funded tax research center. The government has invested more than 130 trillion won since 2000 on public infrastructure development.

Web Site on G-20 Summit Opens Today

A presidential committee said Friday it will open a Korean Web site, www.seoulsummit.kr, for the G-20 Summit, which will be held in Seoul on Nov. 11 and 12. The summit will draw the leaders of the world's 20 major economies.

China to 'Upgrade' Ambassador to S. Korea

China is likely to tap Zhang Xinsen, director of general office of the Chinese foreign ministry, as its new ambassador to Seoul, news reports said Saturday, citing diplomatic sources. The move, if proved, is seen as a “notch up” from China’s past practice since 1992 when the two former Cold War adversaries established full diplomatic relations.

Economic Frontage

Mixed Signals Increase Economic Uncertainty

A cloud of uncertainty is increasingly overshadowing Asia's fourth largest economy, with a host of economic indices showing mixed signals on its outlook. Industrial output has been expanding at a faster pace over the past few months, with the nation's large manufacturers turning more

bullish on growing overseas demand for Korea-made products. Regional economies are also showing signs of a rebound. Additionally, the nation's trade balance went into the red in January for the first time in 12 months. Most analysts here say Korea has a long way to go until it achieves genuine and sustained growth, stressing the government should keep a range of expansionary policies intact.

Kia Motors Opens Plant in Georgia, US

South Korean carmaker Kia Motors officially opened its U.S. plant late last week in West Point, Georgia, through which the company hopes to expand its presence in North American markets. Hyundai-Kia Automotive Group Chairman Chung Mong-koo participated in the event Friday, and was joined by Georgia Governor Sonny Perdue as well as Korean Ambassador to the United States Han Duck-soo. After agreeing on the partnership with Georgia in 2006, Kia Motors has invested \$1 billion over the past few years to establish the state-of-the-art facilities, dubbed Kia Motors Manufacturing Georgia (KMMG).

Small Firms Advancing Into Electric Car Market

High hopes of an electric car boom are pushing many small and medium-sized enterprises (SMEs) to advance into the market. Although the nation's top automaker Hyundai-Kia Automotive Group is expected to lead the sector, SMEs such as CT&T and AD Motors are moving to launch electric cars here earlier than expected, company representatives said Wednesday. "CT&T plans to sell low-power 'e-Zone' electric cars from March 30 on the local market. The suggested price tag will be 16 million won or \$13,850 each," a spokesman said.

Economic Gap Reduced Between Korea, Japan

Victories in soccer games and figure skating over the Japanese are usually what please South Koreans, but figures show that the economic gap between the two countries has reduced significantly over the past 20 years as well. Japan's economy was about 11 times that of South Korea two decades ago in terms of gross domestic product, but now it is only 5.3 times larger. The ratio of the value of the two countries' stock markets fell just as dramatically from 10 times to 4.5 times during the same period. The changes can be attributed to Korea's fast economic growth but also to Japan's sluggishness, a report from the LG Economic Research Institute said.

Carmakers' next crutch: Green subsidies

Carmakers are gathering at their annual jamboree in Geneva this week, collectively gasping for air. A year ago the industry was in crisis. Car sales had slumped, hit by the global recession and credit crunch that resulted in banks refusing to lend money, whether to people who were keen to buy cars, or to suppliers and manufacturers fighting for their survival. But at least the carmakers were still energetic, vigorously calling for governments to step in and help revive car sales.

S Korea to fund Angkor road

South Korea has provided US\$9.2 million (S\$12.9 million) to Cambodia to build a new road that will circle the famed Angkor temple complex and reduce traffic in the area, officials said Monday. The 21-kilometer road will be closed to trucks to reduce pollution, noise and vibrations that could damage the ancient ruins, said Soeung Kong, vice secretary-general of the Apsara Authority, the government agency that oversees the temples. Construction will start this year and take three years to complete, he said. It will be the second road in the Angkor area funded by South Korea, connecting with existing roads to the north and northwest of the temples, said South Korean Embassy official Son Sungil. The first road extended south from the temple complex.

Koreas start talks on business

NORTH and South Korea began talks on Tuesday on ways to ease restrictions impeding their joint business project despite tensions over an upcoming major US military exercise with the South. The two sides began talks at 10am at the jointly-run Kaesong industrial estate just north of the heavily fortified border, the South's unification ministry said. The North's military last week blasted the March 8-18 US-South Korean annual exercise as a prelude to a surprise attack, and said it could respond to any aggression with nuclear weapons.

Europe car sales to fall; Toyota woes benefit Hyundai

Carmakers are bracing for lower sales in Europe this year as incentive programs end, while elsewhere companies are seeing opportunities in their competitors' product recalls. Car sector executives gathered in Geneva for the annual auto show on Tuesday spoke of a challenging

market at best in Europe this year, with Germany looking especially gloomy after the country was one of the first to end its scrappage program.

Seoul shares steady; Kia Motors at over 4-yr high

Seoul shares were rangebound on Wednesday, with Hyundai Motor and Kia Motors advancing on the back of strong sales data, but caution about factory output data due later in the day capped gains. January factory output data, due at 0430 GMT, may reaffirm the market view that Asia's fourth-largest economy has lost recovery momentum.

Seoul shares rise 1.3 pct; chips gain, Hyundai down

Seoul shares advanced 1.3 percent on Tuesday after a long weekend, led by memory chip makers and select construction firms, while foreign investors turned net buyers after gains in U.S. shares.

Seoul shares gain on chips, builders; Hyundai down

Seoul shares advanced 1.3 percent on Tuesday above the key 1,600 mark, led by memory chip makers and copper smelter Poongsan (103140.KS), but Hyundai Motor (005380.KS) slid ahead of its February sales data. Several construction firms including GS Engineering & Construction (006360.KS) rose after they signed contracts for the United Arab Emirates' Ruwais refinery project. Foreign investors turned net buyers following gains on Wall Street, ending their selling spree over the past three sessions. Analysts said the KOSPI could extend gains this week as investor jitters over Greece and the unwinding of global economic stimulus measures ease, but expected resistance around 1,650 points.

WRAPUP 2-Hyundai feeds on Toyota woes; GM recalls 1.3 mln cars

South Korea's Hyundai Motor Co (005380.KS) announced a sharp rise in February sales, benefiting from recall woes at rival Toyota Motor Co (7203.T), which planned aggressive incentives to win back U.S. customers. Toyota's recalls totalling some 8.5 million vehicles globally due to uncontrolled acceleration and braking glitches have hurt its reputation for quality and shone a spotlight on vehicle safety issues. In the latest of a string of product problems across the industry, General Motors Co [GM.UL] said it was voluntarily recalling 1.3 million vehicles in North America to fix a power steering problem linked to 14 crashes and one injury. Toyota is facing a slide in U.S. sales after recalling more than 6 million vehicles in that market alone.

S. Korea Feb housing prices up for 11th month

Housing prices across South Korea in February posted their 11th consecutive monthly gain, data from the country's top lender showed on Tuesday. Housing prices in February rose 0.3 percent from January and gained 2.7 percent from a year earlier, the data from Kookmin Bank showed.

Seoul Has Second Thoughts Over Global Banking Reform Plan

Unlike U.S. and European counterparts, Korean financial institutions have emerged largely unscarred from the worldwide credit crunch and the subsequent financial market mess. What is more, the collapse of the global financial system presented local banks and other financial services once-in-a-life time opportunities to become a leading player in Asia and beyond in the post-crisis era by expanding size through merger & acquisition (M&A), strengthening risk management and improving bottom line.

'Korea Is Core Market for Citi'

Stephen Bird is the Asia-Pacific chief executive of Citigroup. He is also a non-executive director of Citibank Korea. He acknowledges that the Korean operation needs further growth. "Korea is the core of our Asia growth strategy. Our commitment to the development of our Asia franchise is stronger today than at any other time in our 42-year history in Korea," he told The Korea Times in an e-mail interview.

Economy Becomes Less Resilient After Crisis

The Korean economy has become less resilient since the 1997-98 Asian financial crisis, with companies here becoming more reluctant to make new investments amid an increasingly uncertain economic outlook. The trend has become more evident since the unprecedented worldwide economic slump in late 2008 as Korean firms stash a record amount of cash for rainy days. Additionally, many businesses have shifted plants to China and other Asian economies for cheaper land and labor costs, rather than expand operations at home and hire Korean workers, weakening the nation's growth potential.

Little room for hybrids, EVs in Europe for a decade

Hybrid and electric cars are the stars of motor shows, but the expensive technologies could take a decade to really hit European roads as automakers improve petrol and diesel cars to meet short-

term emissions targets. The planned launch of the first zero-emission electric cars from Nissan Motor Co, Daimler AG and Mitsubishi Motors Corp this year, as well as debut of hybrid cars from a growing number of European brands has renewed the buzz around electric powertrains as promising solutions to reducing emissions in carbon dioxide-conscious Europe.

Leading Indicator Drops for First Time in 13 Months

The economy's recovery is showing increasing signs of losing steam. Leading indicators, which gauge the economic outlook, fell for the first time in 13 months. According to Statistics Korea, industrial output rose by 36.9 percent in January from a year ago, marking a year-on-year rise for seven consecutive months. However, the year-on-year leading indicator marked 11.3 percent in January, down 0.3 percentage points from December. It is the first time for the index to head downward in over a year. It had been rising since January 2009, but has been losing its pace of growth.

149 Job Centers to Open in 2010

The Ministry of Public Administration and Security said Thursday that it will set up 149 job centers nationwide to help reduce unemployment. The measure is part of programs the ministry presented to a policy coordination meeting on job creation at Cheong Wa Dae. During the meeting, President Lee Myung-bak called on private enterprises and regional governments to join the central administration's drive to create jobs and increase corporate investment, saying the sluggish job market is the biggest challenge the country must tackle this year.

RBC, BNP Probed for ELS Manipulation

BNP Paribas, Royal Bank of Canada (RBC), Daewoo Securities and Mirae Asset Securities are facing criminal charges over price manipulation on derivatives, which allegedly inflicted several billion won in damages to shareholders last year. The Seoul Central District Prosecutors' Office has launched formal investigations on the four firms on request from the Financial Supervisory Service (FSC), the organizations said Thursday. If proven guilty, those involved in any of these cases will face imprisonment and/or heavy fines. RBC and Daewoo already are involved in class-action lawsuits worth 3.2 billion won and 380 million won, respectively.

KAI Faces Downsizing

Korea Aerospace Industries (KAI), the nation's only aircraft maker, is facing a major restructuring and a significant reduction of its executives in coming weeks, amid lingering speculation that the company may be privatized. Currently, the Korea Finance Corp. (KoFC), which was spun off from the state-owned Korea Development Bank last October, holds a 30.5 percent stake in KAI, which also has three other major shareholders — Samsung Techwin, Doosan DST and Hyundai Motor, each with a 20.5 percent stake.

Minister Presses Union to Sacrifice to Save Firms

The nation's top economic policymaker is pressing labor groups to make a "necessary" sacrifice to revive ailing corporate players in the aftermath of the global economic crisis. In a Seoul forum Friday, Strategy and Finance Minister Yoon Jeung-hyun pointed to the labor union of Kumho Tires, which has been put under a creditor-led debt rescheduling program, saying unionized workers should work together with the management to revitalize the nation's second-largest tire maker and its parent company, the Kumho Asiana Group.

Socio-Cultural Façade

Japanese cast envious eye at South Korea gold haul

Senior Japanese Olympic officials have admitted the team underachieved in Vancouver, saying they need to follow South Korea's blueprint for success. Japan failed to win a single gold and came away with just three silver and two bronze medals, in contrast to the solitary gold won by figure skater Shizuka Arakawa at Turin in 2006. Japan's target for Vancouver had been 10 medals.

'Abortion Republic' no more

SO MANY abortions are carried out in South Korea every year that it has been nicknamed 'Abortion Republic'. But that label may soon come unstuck, as the health authorities seek to enforce a long-ignored ban on abortions. The move comes a few months after the government signalled it would try to reduce the number of abortions to help boost the country's low birth rate. The Health Ministry yesterday said it would set up a 'call centre' on illegal abortions and informants would receive rewards, Agence France-Presse reported. Obstetricians involved in illegal abortions will be referred to prosecutors for criminal charges, the ministry said.

South Korean medalists to get cash rewards

South Korean medalists and coaches will receive cash rewards worth tens of thousands of dollars after their triumphant performance at the Vancouver Winter Olympics, officials said yesterday. The sports ministry said the government would provide 40 million won (US\$34,722) to each of the gold medalists, 20 million won to silver medalists and 12 million won to bronze winners. Their coaches will receive up to 40 million won each regardless of nationality, it said.

GSK's Diabetes Drug Gets Second Warning

The Korea Food and Drug Administration (KFDA) Wednesday posted another warning about the use of diabetes treatment drug Avandia, made by GlaxoSmithKline (GSK), for patients with heart conditions. The announcement came as the U.S. drug administration is reviewing its possible risks. The results are expected to be released in July. If the drug is banned from sales there, it is likely to affect the KFDA's decision.

Bill Calls for More Practical English Learning

A lawmaker said Wednesday that he will propose legislation to remove English from the college entrance exam known as the Korea Scholastic Aptitude Test (KSAT). Rep. Park Jun-seon of the governing Grand National Party (GNP) told The Korea Times that he plans to submit the bill to the National Assembly by April after gathering public opinion and making minor changes. Under a draft of the bill obtained by the paper, the English test of the KSAT would be replaced with a government-accredited English proficiency test.

Defiant Educator Indicted for Negligence

A protracted legal battle is expected over the prosecution's indictment of Kim Sang-gon, the 60-year-old top educator of Gyeonggi Province, for his refusal as instructed by the government to take disciplinary action on 15 unionized teachers for their issuance of an anti-government statement. In its indictment Friday, prosecutors said that Kim, the superintendent of the Gyeonggi Province Office of Education, refused a direct order to discipline members of the progressive Korean Teachers and Education Workers' Union, who criticized government policy. Kim's legal tussle comes amid a shift in the country's political atmosphere that is fast turning conservative and stressing law-and-order under the current government.

Suicide Among Seniors Citizens Increasing

Three elderly women threw themselves to their deaths in the southern city of Daegu earlier this week. At 1:30 a.m. Thursday, a janitor at an apartment complex found the body of a Shin, 86, who resided on the eighth floor. Two other seniors were found after jumping from their apartments a day earlier.

All three of them had dementia and were despondent about the disease, which is considered the reason for their actions. Research by the Police Science Institute (PSI) has revealed a soaring suicide rate among senior citizens in Korea. The increase in the number of people over 61 years old who kill themselves has gone up more than five-fold, from 788 in 1989 to 4,029 in 2008.

Japan Learns From Korea How to Resolve Family Disputes

Headed by Ninomiya Shuhei, dean of College of Law at Ritsumeikan University, the delegation was here to learn how the Korean court handles various family disputes such as children's education and divorce procedures. The Japanese visitors are also members of the "Family Dispute Resolution Committee," which was established last year in Japan to brainstorm how Japan's legal system can better resolve the complex and often emotional family disputes.

Japan

Politico-Strategic Front;

Iran's Larijani pays visit to Nagasaki

Iran's parliamentary speaker, Ali Larijani, made his first trip to Nagasaki on Saturday and visited the Nagasaki Atomic Bomb Museum. The Iranian parliamentary leader asked the museum's director, Yoshimitsu Taira, how long the impact of the A-bomb's damage lasted, among other questions. Larijani, Iran's nuclear negotiator from 2005 to 2007, has been in Japan since Tuesday. He held talks with Foreign Minister Katsuya Okada on a range of issues that included Iran's nuclear development.

SDP to push overseas relocation for Futenma

The Social Democratic Party will prioritize a plan to move U.S. Marine Corps Air Station Futenma in Okinawa Prefecture entirely out of the country, such as to the U.S. Pacific territory of Guam, party sources said. The plan is one of three options the SDP, one of the two junior partners in the governing coalition, is considering presenting to a government committee studying the relocation of the Futenma base. But if the plan proves difficult to implement, the

party will push two further proposals, which include accommodating drills and bases domestically. The SDP is likely to list about 10 domestic locations outside Okinawa as candidate sites, the sources said.

US won't be 'dictatorial'

A SENIOR US official pledged on Wednesday to hear out complaints from Japan in a row over a military base but insisted that the current plan was the best option. Japanese Prime Minister Yukio Hatoyama, whose left-leaning coalition won a landmark election victory last year, has launched a review of a deal on Futenma airbase, a longtime source of grievance on the southern island of Okinawa. Mr Kurt Campbell, the assistant secretary of state for Asia, said that the United States understood the need for new governments to revisit predecessors' policies.

Japan ready to help if Santiago asks: Hatoyama

Prime Minister Yukio Hatoyama told government offices Sunday to prepare to launch reconstruction missions in response to Saturday's massive earthquake in Chile. Foreign Minister Katsuya Okada said the same day that two Japan International Cooperation Agency officials will leave for Chile by the end of the day to assess the need for emergency and longer-term assistance to the country. But he said no rescue or medical teams will be dispatched because the Chilean president and foreign minister have asked countries to refrain from sending help until Santiago can assess the situation.

Six-way denuclearization talks could resume by April, Yonhap says

The stalled multilateral talks on denuclearizing North Korea could resume by April, a South Korean official was quoted as saying during a visit to the United States, Yonhap News Agency said Sunday. According to the report, the official, who was not identified, made the remarks Saturday in a meeting with South Korean reporters in Washington. This is the first time a high-ranking South Korean official has made a specific prediction on when the six-way talks involving the two Koreas, Japan, China, the United States and Russia will likely reconvene.

Tardy ministers delay Japan budget debate

Forget funding scandals or budget and foreign policy rifts: The big fuss in Japan's parliament on Wednesday was over three cabinet ministers turning up late for debate. The upper house budget

committee meeting had been scheduled to begin at 8:50 a.m. but had to be delayed until the three showed up, leading to an uproar from the opposition and a short recess.

Japan crown prince looks ahead to Africa trip

Japan's Crown Prince Naruhito said Wednesday he hopes his upcoming trip to Ghana and Kenya will deepen ties between Japan and the African nations as well as his understanding of problems facing the continent.

Marine base will remain in Okinawa: vice minister

The government will keep a U.S. Marine base on Okinawa, meeting the U.S. demands, even if that means alienating a coalition partner and local residents, a vice defense minister has said. Prime Minister Yukio Hatoyama has set a May deadline for settling a dispute that has overshadowed the 50th anniversary of the U.S.-Japan security treaty. Almost 50,000 U.S. service members are stationed in Japan, more than half of those in Okinawa.

Futenma relocation off White Beach proposed Plan would fill in sea near U.S. Navy Okinawa site

The continuing tussle over Okinawa's Futenma air base took yet another twist as Japanese and U.S. sources said Thursday a new plan has been aired to put it on a filled-in sea area between a U.S. Navy facility at White Beach in Uruma and nearby Tsuken Island. The new plan comes on top of another pushing construction of a heliport at U.S. Marine Corps Camp Schwab in Nago to relocate Futenma's flight operations from the densely populated city of Ginowan. Okinawa hosts the bulk of the U.S. military's facilities in Japan.

'63 huddle linked to secret nuke pact

A Foreign Ministry-led panel has found that a secret meeting between Japanese and U.S. officials in 1963 led to the establishment of a secret bilateral pact under which Tokyo allowed U.S.-nuclear armed vessels into Japanese territory, according to ministry and panel sources. A document that served as the basis for the secret pact was signed by the two countries in 1960, although a revised Japan-U.S. security treaty signed that year set up a system requiring Washington to consult with Tokyo before the "introduction" of nuclear weapons into Japan.

Japan, U.S., Australia may aid Micronesia ocean surveillance

apan, Australia and the United States plan, possibly with coast guard elements, to jointly support Micronesian nations' efforts to boost their marine surveillance to combat poaching, pollution and other problems, participants said Tuesday at a Tokyo meeting. Palau, the Marshall Islands and the Federated States of Micronesia have been troubled with such issues but have not been able to bolster their sea patrol capacity due to lack of funds and equipment. The support proposed at Tuesday's meeting would include small vessels, advanced communications equipment and the creation of a regional coordination center for the three island nations to enhance mutual operations.

SDP not done talking about Futenma move

The government will hold a committee meeting Monday to review the planned relocation of U.S. Marine Corps Air Station Futenma in Okinawa, with panel members presenting their alternative relocation ideas, a high-ranking government official said Friday. Chief Cabinet Secretary Hirofumi Hirano had considered terminating consultations under the framework involving representatives of the three ruling parties, but he has decided to convene the panel he chairs at the strong request of the Social Democratic Party, the official said, speaking on condition of anonymity. Hatoyama has pledged to settle the Futenma relocation issue by the end of May.

Group hopes U.S. ad raises awareness of Futenma

Concerned about the lack of information in the U.S. regarding the relocation of a marine base in Okinawa, a network of Japanese and U.S. citizens and nongovernmental groups announced Wednesday plans to take out a full-page ad on the controversial issue in a major U.S. newspaper. Established Wednesday by various academics, journalists and NGO members, the Japan-U.S. Citizens for Okinawa (JUCO) network is allied with organizations in the U.S. including the Cato Institute, the Institute for Policy Studies and the Center for Biological Diversity. According to the organizers, the network is aiming to raise ¥6 million to place a full-page ad in a major U.S. newspaper by the end of March, before the Japanese government finalizes its decision on the relocation site for U.S. Marine Corps Air Station Futenma.

Okada, Steinberg discuss Iran nukes

Visiting U.S. Deputy Secretary of State James Steinberg said in Tokyo Friday that he and Foreign Minister Katsuya Okada are discussing how to coordinate more closely on the nuclear challenges of Iran. But on the hot-button issue of moving U.S. Marine Corps Air Station Futenma, Steinberg only said the two countries were working hard to resolve it.

Economic Frontage

Toyota to give next damage-control speech in China

Toyota President Akio Toyoda will speak Monday in Beijing about the company's quality woes, the carmaker said Sunday in an effort to reassure the world's biggest auto market. Toyoda, who testified at a U.S. congressional hearing last week about the spate of global recalls plaguing Toyota Motor Corp., will speak to reporters at a Beijing hotel, company spokeswoman Ririko Takeuchi said.

Plan eyed to ease farm tariffs to promote FTAs

The government may cut agricultural tariffs to promote free-trade agreements and reduce corporate taxes to make Japan more competitive and enticing for foreign investment, a draft report says. The report, released Saturday, maps out a broader strategy for growth through 2020 and proposes a system to let power utilities buy surplus electricity generated by households and businesses through technologies that promote renewable energy, such as solar power

Japan US\$1t budget cleared

JAPAN'S lower house on Tuesday passed a record trillion-dollar budget for fiscal 2010, adding to the country's bulging public debt burden as Tokyo tries to stimulate a sluggish economic recovery. The 92.3 trillion yen (\$1.41 trillion) budget includes new child-care allowances, free public high school tuition and other measures promised by the centre-left government that took power in September.

Japan's capital spending down

JAPANESE manufacturers cut spending on plants and equipment by more than a third in the three months to December, data showed on Thursday, in a setback for the recovering economy. Capital expenditure by makers of cars, electronics and other goods fell 34.5 per cent year on year

in the fiscal third quarter, although that was better than the 40.7 per cent cut in the previous quarter, the finance ministry said. The 'somewhat weak' figures mean 'it's likely that the revised fourth quarter GDP data may be revised downward again,' Hiroshi Watanabe, economist at Daiwa Institute of Research, told Dow Jones Newswires.

Toyota to visit China

FRESH from a grilling by US lawmakers, Toyota president Akio Toyoda will speak today in China about his company's quality problems, seeking to boost confidence and ease consumer worries in the world's biggest car market. Mr Toyoda will brief the media at 6pm in Beijing with the aim of explaining to the public its recent quality issues, said Mr Hitoshi Yokoyama, a spokesman for a China unit of Toyota. The Wall Street Journal, citing a Toyota executive who wished to remain anonymous, said Mr Toyoda is also likely to meet Chinese government officials.

China hears Toyota recall apology, quality vow

Toyota Motor Corp. President Akio Toyoda faced reporters Monday evening in Beijing to speak about his company's global auto recall woes in an effort to dispel quality concerns in the world's largest car market. The visit shows how seriously the Japanese automaker sees the Chinese market as a source of growth in the future, auto analysts said earlier. The number of cars being recalled in China is small compared with more than 8 million Toyota vehicles recalled globally since last autumn.

Kan calls for end to deflation

JAPAN'S Finance Minister Naoto Kan said on Monday he wants the country to beat deflation by the end of the year, setting an earlier deadline than the central bank's own forecast. The central bank forecast that Japan would see three years of deflation as it claws its way back from its worst slump in decades, but has said that the price falls might be less severe than previously thought. Japan was stuck in a deflationary spiral for years after its asset price bubble burst in the early 1990s, hitting corporate earnings and prompting consumers to put off purchases in the hope of further price drops.

Mitsubishi, Peugeot scrap talks

JAPAN'S Mitsubishi Motors and PSA Peugeot Citroen of France on Wednesday pledged to keep working together but said a capital tie up between them was 'not appropriate' at the moment. PSA chief Philippe Varin and Mitsubishi Motors president Osamu Masuko had met Tuesday at the Geneva Motor Show, they said. 'They confirmed the intent to broaden the current successful cooperation of the two companies,' a joint statement said. But they had also concluded that a capital alliance 'was not appropriate in the current circumstances.'

JAL urging 2,700 to retire early

Japan Airlines Corp. said Monday it is looking to sign up around 2,700 employees for an early retirement program as it aims to turn itself around in a major restructuring overseen by the state. The target is the largest ever for the company's early retirement program. The application process will start Friday. Japan's biggest airline, which filed for bankruptcy protection on Jan. 19, eventually plans to cut around 15,700 jobs, or about 30 percent of its group workforce, by the business year through March 2013.

Totoya's Japan sales up 48%

TOYOTA'S sales in Japan rose 48 per cent year-on-year in February, an industry group said on Monday, as the carmaker displayed resilience at home despite its massive global safety recalls. Toyota delivered 146,145 cars, trucks and buses last month, the Japan Automobile Dealers' Association said. The carmaker sold 3,373 units of its luxury Lexus brand, up 257 per cent from the same period last year, the group said. The surge was part of a broader rise in the domestic industry from a year ago when demand was hit by a deep recession. Sales in the sector rose 35 per cent year-on-year to 294,887 units in February, Jada said.

Ehime reactor second to start MOX operation

A nuclear reactor in Ehime Prefecture was activated Monday for the country's second "pluthermal" power generation operation using plutonium-uranium mixed oxide fuel. Shikoku Electric Power Co. activated the No. 3 reactor at the Ikata power plant in the process to start a self-sustaining chain reaction, which was expected to occur Tuesday, setting the stage for the start of power generation with the MOX fuel Thursday. The facility will enter the commercial operation phase March 30, following the completion of regular checkups if it passes final government-mandated inspections after boosting its power output.

Toyota offers workers \$350m

TOYOTA is offering US\$250 million (S\$350 million) to support workers at a California plant slated for closure, the US unit of the Japanese automaker said on Wednesday. Toyota Motor North America said it had pledged 250 million dollars to New United Motor Manufacturing (NUMMI) to 'fund transition support' for staff. NUMMI is a joint venture with General Motors where car production is set to end on April 1, after nearly 25 year in production. GM pulled the plug on the venture last June after the largest US automaker emerged from a government-supported bankruptcy reorganisation.

Toyota, Honda lead seventh straight monthly rise in vehicle sales

Toyota Motor Corp. and Honda Motor Co., Japan's two biggest automakers, led the seventh straight increase in the nation's monthly auto sales as government incentives boosted demand. Sales of cars, trucks and buses, excluding minicars, rose 35 percent to 294,887 vehicles in February from a year earlier, the Japan Automobile Dealers Association said in a statement Monday. Toyota sold 146,145 units, excluding Lexus-brand cars, up 48 percent.

JAL to drop Nippon Yusen tieup talks, may exit air freight business

Japan Airlines Corp. and Nippon Yusen K.K., Japan's biggest shipping company, said Tuesday they will end talks on integrating their cargo operations, as the plan fell apart after JAL filed for bankruptcy protection in January. With the decision, sources said JAL will consider a major reduction in its air cargo operations, including ending its air freight business, as part of its state-led rehabilitation process.

Toyota repairing leaky oil hoses in US, Japan

Toyota is repairing nearly 1 million vehicles in the U.S. and Japan for potentially leaky oil hoses - the latest in a spate of quality problems battering the world's biggest automaker. The fix, which has already been rolled out in Japan since late last year, is not considered a recall in Japan, but is categorized as a "service campaign," with owners receiving notices through dealers about the needed repair, Toyota spokesman Paul Nolasco said Tuesday. In the U.S., the problem also affects the best-selling Camry and two Lexus models. Regulations on auto problems differ in Japan and the U.S.

Nissan recalls 540,000 vehicles

Japanese automaker Nissan Motor Co. is recalling about 540,000 pickup trucks, sport utility vehicles and minivans to fix problems with brake pedals and fuel gauges. Most of the recalled vehicles are in the U.S., with smaller numbers scattered across the globe. The brake pedal recall affects 179,000 vehicles in the U.S. and about 26,000 in the Middle East, Canada, Russia and several other countries. Nissan also is recalling 419,000 vehicles in the U.S. and 53,000 elsewhere because gas gauges can show fuel left in the tank when it's actually empty.

Japan's jobless rate falls, spending increases

Japan's unemployment rate in January eased for the second straight month and household spending posted solid growth despite a decline in wages, adding to signs of recovery in the world's second largest economy. January's jobless rate fell to 4.9 percent from a revised 5.2 percent in December, the Ministry of Internal Affairs and Communications said Tuesday. The result was better than the 5.1 percent expected by economists in a Kyodo News agency survey.

Toyota faces further probe by US authorities

Toyota has recalled six million cars in the US over concerns about sudden acceleration. But an analysis of government documents shows that many Toyota Camrys built before 2007, which were not subject to recalls, have been linked to a comparable number of speed-control problems as recalled Camry. While owners of all makes of vehicles have filed complaints with the government about speed control problems, the analysis – based on a review of 12,700 complaint records in the US over the last decade by *The New York Times* – reveals that Toyota had more complaints involving crashes than any other carmaker.

Toyota sued over deaths in key California crash

Relatives of a California state trooper and three family members whose fatal car wreck helped spark Toyota's wide-ranging safety recall have sued the automaker for defects they say caused the vehicle to speed out of control and crash.

The lawsuit, filed on Tuesday in San Diego Superior Court, was the latest in a wave of product-liability cases and other legal action brought against Toyota Motor Corp over complaints of sudden, unintended acceleration in its vehicles. But the fiery Aug. 28 crash near San Diego of a

Lexus ES 350 sedan driven by off-duty California Highway Patrol Officer Mark Saylor drew intense media attention and renewed government scrutiny of safety problems that led to the recall of some 8.5 million Toyota vehicles worldwide.

Foreign reserves fell in February

Japan's foreign-exchange reserves at the end of February fell \$1.99 billion from a month earlier to \$1.051 trillion, down for the first time in two months, largely due to a fall in the value of its holdings of euro-denominated assets, the Finance Ministry said Friday. Still, the reserves stood at the fifth-highest level on record, the ministry said.

Socio-Cultural Façade

Magnitude-6.9 Okinawa quake injures two; biggest since 1909

An earthquake with a preliminary magnitude of 6.9 jolted Okinawa Prefecture early Saturday morning, causing tidal waves of up to 10 cm, the Meteorological Agency said. Two people sustained minor injuries, while ruptured water pipes were reported in Naha and elsewhere, local authorities said.

Japan evacuates 320,000

JAPAN evacuated more than 320,000 people on Sunday as a tsunami triggered by Chile's massive earthquake sent waves up to 1.20 metres (four feet) high barreling into its long Pacific coastline. Seawater swells inundated buildings in several harbours. Authorities warned coastal communities to stay on high alert and keep clear of the shore as more powerful tsunami waves could follow.

Tsunami rips across Pacific, pats Japan

Feared waves from Chile do little in Asia, The tsunami generated by the immense earthquake in Chile hit Japan's main islands Sunday, but the initial waves washed ashore without causing any damage after sparing most of the Pacific islands in its path. The Meteorological Agency said the biggest wave in the initial tsunami from the 8.8-magnitude temblor off Chile was 145 cm high and hit the fishing port of the town of Otsuchi in Iwate Prefecture at around 3:43 p.m. Another one about 120 cm high landed in Kuji, also in Iwate, at 3:49 p.m. No casualties had been reported as of 5 p.m., the National Police Agency said. Japan is particularly sensitive to the tsunami threat.

Japan agency says 'sorry'

JAPAN'S weather agency apologised on Monday for 'crying wolf' when it urged some 1.5 million people to evacuate ahead of a possible major tsunami, only to find the waves that finally hit were far smaller than feared. Experts defended the agency's decision to warn that waves of 3 metres or more might strike Japan's Pacific coast after a huge earthquake hit Chile, but acknowledged the risk of making residents blasé about the danger next time. 'In the end, the warning was a bit excessive. I would like to apologise for the fact that the warning lasted so long,' Jiji news agency quoted Japan Meteorological Agency official Yasuo Sekita as telling a news conference after all warnings and advisories had been lifted, some 25 hours after the first alert.

Climate talks seek to prepare ground for Mexico meeting

Climate negotiators from about 30 countries and international organizations began exploring ways Monday to advance talks on a new framework to combat climate change beyond 2012.

At a two-day meeting in Tokyo, working-level participants at the Informal Meeting on Further Actions against Climate Change, cochairs Japan and Brazil will lead discussions on how to build on the failed Copenhagen Accord, and move toward the next meeting in Mexico, scheduled for late November. In his opening remarks, Japanese Ambassador for Global Environmental Affairs Akihiko Furuya said that although he recognizes there are "mixed feelings" about the outcomes of the Copenhagen talks, negotiators "should not underestimate what we achieved last year."

'Terminal' activist fights on

AFTER three months in legal limbo in Japan, Chinese rights campaigner Feng Zhenghu says he is not wasting any more time. Mr Feng was forced to camp out near an immigration counter at Tokyo's Narita airport after the Chinese government refused on several occasions to let him come home, in a case reminiscent of the Tom Hanks film *The Terminal*. In the two weeks since his ordeal ended, he has entertained other rights activists, drunk tea with state security police and is attempting to sue Shanghai immigration authorities for blocking his return.

Japan's top web forum hacked

JAPAN'S top Internet forum 2channel was offline on Tuesday after an apparent mass hacker attack from South Korea over slanderous comments on their Olympic figure skating queen Kim Yu-Na.

Japan lifts tsunami alerts

JAPAN on Monday lifted all tsunami alerts nationwide, a day after authorities ordered large-scale evacuations as waves triggered by Chile's massive earthquake hit its Pacific coast. 'We lifted all alerts as of 10.15am (0115 GMT, 9.15am Singapore time),' said Yoshiro Ota at the Meteorological Agency's earthquake and tsunami division. On Sunday Japan had ordered the evacuations of more than 320,000 people as waves up to 1.20 metres (four feet) high hit the archipelago's long Pacific coastline and flooded several port areas.

Judo queen pleads for Toyota

JAPAN'S seven-time world judo champion and double Olympic gold medalist Ryoko Tani met with Japanese ministers Monday to plead the case for her troubled employer, Toyota. Tani has appeared in adverts for Japanese auto giant Toyota, which is in crisis after having to pull some eight million vehicles worldwide to make repairs.

Plea for whaling compromise

A FORMER prime minister of New Zealand pleaded with both sides on the divisive issue of whaling to 'swallow a dead rat' and strike a compromise as negotiators met on Wednesday in Florida. Key nations including Australia and Japan, whose relations have been increasingly strained over whaling, met late into the night Tuesday before resuming a second day of talks at a beachside hotel, participants said.

Japan 98th in terms of female lawmakers

A record 18.8 percent of lawmakers around the world are women, an Inter-Parliamentary Union survey showed Wednesday. Japan ranked 98th at 11.3 percent with 54 of its 480 Lower House seats held by women. A year earlier, Japan placed 104th at 9.4 percent. Japan trails China, in 55th, North Korea, 78th, and South Korea, 82nd. The data represented the percentage of women in unicameral parliaments or in the lower houses of parliament, and reflected elections that took place up to last Jan. 1.

Noguchi, up in ISS, reads to Tokyo elementary school children

Transmitting from the International Space Station, astronaut Soichi Noguchi read from a book to children at a Tokyo elementary school Wednesday. Through prerecorded video clips, Noguchi read from the picture book "Mottainai Ba-san" ("An old woman who hates waste") for about five

minutes via a big screen inside the library at Aijitsu Elementary School in Tokyo's Shinjuku Ward. The book is about an old woman who hates to see people wasting water, food and other things.

Quake hits Japanese island

AN EARTHQUAKE of 5.1 magnitude struck off the southern Japanese island of Okinawa on Tuesday, but there was no immediate report of damage or casualties and no tsunami alert, officials said. The tremor at 5.21 pm (4.21 pm Singapore time) came at a depth of 27 kilometres (17 miles) in the Pacific and was centred 65 kilometres east of Naha, Okinawa, the US Geological Survey said. On Saturday, Okinawa, where more than half of the 47,000 US troops in Japan are based, was hit by its biggest seismic jolt in more than half a century when a 7.0-magnitude earthquake struck, triggering minor tsunamis.

Resume whaling: Japan

JAPAN will push for a resumption of commercial whaling, the Agriculture, Forestry and Fisheries Minister Hirotaka Akamatsu said ahead of an International Whaling Commission meeting on Tuesday. Japan makes no secret of the fact that the meat of whales it kills is sold in restaurants and shops, and maintains that whaling is an important and centuries-old tradition for the island-nation. Japan's annual whale hunts, bitterly opposed by environmental campaigners at sea every year, have also angered anti-whaling nations such as New Zealand and Australia which has threatened legal action against Japan.

Nakata's boots raise US\$1.5m for Haiti

A pair of soccer boots belonging to former Japan captain Hidetoshi Nakata (*pic*) has raised almost US\$1.5mil for Haiti's earthquake disaster relief. The boots Nakata wore against Croatia at the 2006 World Cup in Germany were auctioned off online to help relief efforts after the devastating Jan 12 quake that according to the local government may have claimed as many as 300,000 lives.

South Korea

Politico-Strategic Front;

Detailed News:

(The Korea Times) **State-Controlled Recall System to Be Introduced**

Starting next year, the government will introduce a new quality control system, which will allow it to force a company to recall domestically manufactured products with serious defects.

The Korean Agency for Technology and Standards (KATS), an affiliate body of the Ministry of Knowledge Economy, said Sunday that it will tighten rules on its product recall system to better respond to consumer needs.

Growing interest in the safety issue of industrial products is the biggest reason for the tightened regulations, the agency said. The ministry plans to set up detailed rules and effectuate them with the implementation of a new product safety law early next year.

Currently, the government is not authorized to issue a recall order on companies, and such actions are entirely dependent on their voluntary decisions.

A number of advanced countries, including the United States, Germany and the United Kingdom, have recall agencies.

The move came after a series of massive recalls took place at home and abroad. Last week, Hyundai Motor said it will voluntarily recall over 47,000 Sonata sedans in South Korea and the United States as a mechanical problem was found in their door locks.

Another leading Korean maker, LG Electronics, issued a statement that it will replace door locks on some 1 million washing machines manufactured between August 2003 and October 2008 here, days after a seven-year-old child was found dead inside one of its front-loading products at his home in Daejeon.

Earlier, Japanese carmaker Toyota decided to recall some 8.5 million cars sold worldwide amid growing safety concern over their accelerator pedals.

Its chairman, Akio Toyoda, appeared at a U.S. congressional hearing last week and was grilled by angry lawmakers. Toyoda asked forgiveness for accidents that Toyota drivers had experienced.

Even after the mandatory regulations take effect, actual application will be confined to very limited occasions, the industrial agency said, citing the example of the United States. Over 80 percent of overall recalls are voluntary ones, while government-forced ones account for the remainder.

"It's basically the last resort in case companies remain defiant to requests for recalls," a KATS spokesman said.

(The Straits Times) Clinton encouraged by signs

WASHINGTON - US SECRETARY of State Hillary Clinton said on Friday the United States is 'encouraged by signs of progress' toward the resumption of six-party talks for North Korea's nuclear disarmament.

Mrs Clinton, standing next to South Korean Foreign Minister Yu Myung Hwan, told reporters that US envoy Stephen Bosworth and chief negotiator Sung Kim are 'quite heartened' by the movement in the effort to restart talks.

'We are closely cooperating with our allies, (South) Korea and Japan, in anything we do toward North Korea and we are working with the Chinese to bring about the resumption of the six-party talks,' she said. Russia is the other partner in the six-party negotiations.

'Ultimately, it is up to the North Koreans, but we're encouraged by signs of progress to return to the talks that we are seeing,' the chief US diplomat said.

Mr Bosworth and Mr Kim have been visiting Asian capitals to consult about ways to revive the talks that North Korea left in April last year when it was censured by the United Nations for testfiring a long-range rocket.

US officials said Mr Kim had been due to return to Washington in time for Mrs Clinton's meeting with the South Korean foreign minister. – AFP

(Reuters) Two South Korea Air Force jet fighters missing

SEOUL, March 2 (Reuters) - Two South Korean Air Force jet fighters are missing after they were last seen flying inland during training, the Defence Ministry said on Tuesday.

A search for the two F-5 jets is ongoing after they went missing about 20 km (12.43 miles) west of the eastern coastal city of Gangneung, a defence official said. No further details were available. (Reporting by Jack Kim; Editing by Jonathan Hopfner)

(Reuters) S. Korea urges North to return to six-party talks

GENEVA, March 2 (Reuters) - South Korea called on North Korea on Tuesday to return to six-party talks on Pyongyang's nuclear programme, saying a nuclear North Korea is unacceptable.

Cho Hyun, South Korea's deputy minister for multilateral and global affairs, said his government would pursue a two-track approach to North Korea, combining dialogue and sanctions in parallel.

"The Republic of Korea maintains the firm position that a nuclear North Korea will not be tolerated," Cho said in a speech to the United Nations-backed Conference on Disarmament.

North Korea and South Korea are both members of the 65-nation body.

Six-party talks are the most viable framework for resolving the North Korean nuclear issue, he said, adding: "We urge North Korea to promptly return to the six-party talks and show a sincere attitude toward denuclearisation."

South Korea's President Lee Myung-bak has proposed a "Grand Bargain" demonstrating Seoul's willingness to resolve the issue, according to the deputy foreign minister.

The policy aims to capture in a single agreement all steps related to North Korea's "irreversible and complete denuclearisation" and involves corresponding measures by the five other parties, he said.

U.N. sanctions and a botched currency move that nearly halted commerce late last year have increased pressure on the destitute North.

U.S. Secretary of State Hillary Clinton said last Friday that she was encouraged by signs that North Korea may be preparing to return to stalled talks on its nuclear programme. [ID:nN26247862]

The United States would keep working to pull North Korea back into the negotiations it abandoned a year ago, which increased uncertainty across the region, she said.

Two senior U.S. envoys on the North Korea issue wrapped up a tour to the region for talks with South Korea, Japan and China, which along with the United States are pushing to resume dialogue with Pyongyang

(The Korea Times) 'US Ready to Improve Ties With NK After Disarmament'

The top U.S. diplomat here said Thursday the administration of President Barack Obama is ready to take steps to improve ties with North Korea, if the communist state lives up to its denuclearization pledge.

Speaking at a forum in Seoul, Ambassador Kathleen Stephens urged the North to return to six-party disarmament talks without any conditions. The event was organized by the Far East Broadcasting Company.

She made it clear that Pyongyang's demand for creating a peaceful regime on the Korean Peninsula and the removal of U.N. economic sanctions on Pyongyang would only be available after it rejoins the six-way forum that involves the two Koreas, the United States, China, Japan and Russia.

The U.S. government will also provide economic aid to North Korea if it fulfills its commitment to removing its nuclear weapons program, she said.

The multilateral denuclearization framework has been stalled for almost a year after North Korea boycotted the talks to protest sanctions imposed by the U.N. following Pyongyang's long-range missile firing.

"We want to see a peaceful unification, one that is consistent with the hopes of the Korean people. But that means no nuclear weapons in North Korea and no nuclear weapons in South Korea," Stephens said. "We need to find a way to hasten the day when Korea will be whole, free and at peace."

The two Koreas remain technically at war since the 1950-53 Korean War ended in a truce, not a peace treaty.

Diplomatic efforts have been in full swing to revive momentum for reopening the six-party talks.

In particular, reports said North Korea's nuclear envoy Kim Kye-gwan will visit the United States soon, triggering speculation that he could hold a bilateral meeting with his U.S. counterpart.

U.S. State Department spokesman Philip Crowley said Wednesday that his government has received inquiries about granting a visa to Kim for an academic seminar in New York this month.

"There has been discussion about an invitation for him to come to the United States, a private invitation. I think there have been inquiries about providing him a visa. We've made no decision on that," the spokesman said.

Kim is also scheduled to visit New York for another meeting with Sung Kim, special U.S. envoy for the six-party talks, on the sidelines of the seminar, the reports said.

The goal of the meeting would be to facilitate the reopening of the six-party talks on the North's denuclearization, diplomatic sources in Seoul said.

(The Korea Times) MB Policies for Ordinary People Come Under Fire

A few policies of the Lee Myung-bak administration geared toward helping ordinary people have come under the criticism that they fail to offer substantive help for the common people.

After taking office in early 2008, business-friendly President Lee, as he proclaims himself, came up with various steps such as tax cuts, which critics contend provided benefits solely for the wealthy.

In the face of such backlashes, he has recently sought a series of measures aimed at helping those in low-income brackets such as small loans for the poor and support for collegians and those unable to get a foot on the property ladder.

However, such moves seemingly did not impress those who are supposed to benefit.

“The government has tried to underpin ordinary folk with a set of friendly policies. But many think they do not bear fruits for some reason,” said a Seoul professor who asked not to be named.

“Some measures have too strict restrictions for applications while some others failed to ensure sufficient supplies for the number of applicants. The government is required to fix the hitches right away.”

Encouraged by the financial regulators, the nation's major conglomerates and financial institutes have opened microcredit banks over the past few months in order to lend money to those who can hardly get bank loans due to their low credit rates.

Almost 15,000 knocked on the doors of the microcredit banks, but only around 300 received loans amounting to 2 billion won due in no small part to the strict screening requirements.

The Financial Services Commission originally said that about 200,000 people would benefit from the system but the target seems to be overly ambitious for now.

A financing program for students, dubbed income contingent loans (ICL), are also not welcomed by potential beneficiaries because they have to pay back compound interest on top of the principals.

Concerns also run high that the universities would not put forth efforts to reduce tuition fees since college students getting ICL would not have to repay the debt until they graduate.

During the first decade of the new millennium, tuition outgrew inflation — the growth rate of the former has fluctuated between 5 and 10 percent while that of the latter was in the neighborhood of 3 percent.

The gap is feared to widen more down the road as universities can prompt students to pay more based on ICL. Hence, observers point out that the attempts to curb the high fee growth should come first.

The much-hailed pledges of providing apartments at almost half the price of the current norm for poor households also hit a snag for two reasons.

The demand by far outstrips its supply. In addition, their prices are not half of nearby apartments but around 80 percent of them — cheaper but not easily affordable to those with low incomes.

“The steps comprise the major three pillars of President Lee's pro-ordinary people policies. But they do not work as perfectly as they were initially intended. Hopefully, things will improve in the future,” the professor said.

(The Korea Times) N. Korea Accuses S. Korea of Blocking Tours

North Korea threatened Thursday to scrap all tourism accords with South Korea, unless Seoul resumes tourism to its town of Gaeseong and the Mt. Geumgang resort.

The Ministry of Unification here responded that no tourists will be permitted to travel to these tourist attractions until their safety is guaranteed.

Seoul put Mt. Geumgang tours on hold in July 2008 after a female tourist was shot dead by a North Korean soldier. The Gaeseong tours were suspended five months later.

The shooting incident came after the current conservative government took office in Seoul, promoting a stricter policy toward Pyongyang, emphasizing reciprocity.

Pyongyang's Asia-Pacific Peace Committee, which is often used as a channel in dealing with South Korea, said the Lee Myung-bak administration was standing in the way of a resumption of the tours, although it was ready to accommodate visitors from the South.

The statement said the North would ensure tourists safety and give them access to necessary amenities.

“Having said that, South Korea should take all the responsibility for the consequences if the tourism projects are derailed,” the North warned.

It noted that the tourism contracts were signed between the Peace Committee and Hyundai Asan.

“Therefore the South Korean government is not in a position to intervene in the tourism project,” the statement said.

South Korean tourists should not face a travel ban to attractions in the North just because of the conservative faction in the South, it added.

In response, Chun Hae-sung, the spokesman of the unification ministry, told reporters that resuming tourism to Gaeseong and Mt. Geumgang could not be discussed without the safety matter being resolved.

“Our position is that all issues involving inter-Korean relations should be resolved through dialogue and cooperation,” he said.

Pyongyang's threat came about a month after officials from North and South Korea failed to reach an agreement on resuming tourism to the two sites.

North Koreans have recently suffered from the consequences of a failed currency reform.

In addition, international sanctions imposed after the North test-fired several missiles and conducted an underground nuclear test last year has made it more difficult for them to make ends meet.

(The Korea Time) KEPCO in Talks with Turkey for Nuke Plant Exports

Korea Electric Power Corp. (KEPCO) and the Turkish government are likely to sign a memorandum of understanding (MOU) late this month on a joint study to build a nuclear power plant in Turkey.

Under the MOU, KEPCO and Turkey will form a task force to tackle such issues as site selection, period of construction and financing, the Ministry of Knowledge Economy said Thursday.

Turkey is still not fully prepared for nuclear projects despite its willingness. Accordingly, the MOU will give KEPCO a supporting role for Turkey on the project, it said.

The country is currently eager to build nuclear power plants to meet its growing energy demand.

The Korean government, however, was cautious not to get carried away with high expectations for the deal.

"KEPCO has signed similar agreements with other countries before. This MOU doesn't necessarily mean a green light for another pending overseas deal, even though it could be helpful for the goal," a ministry official said on condition of anonymity.

KEPCO has been reviewing the deal over the past few months. It had earlier said it's in talks with Turkey to sell the APR1400, a 4,000-megawatt pressurized water reactor.

Following a \$2 billion deal with the United Arab Emirates in December, KEPCO is in talks with Turkey to build up to four light-water type reactors. Each is expected to cost \$5 billion.

Last month, KEPCO CEO Kim Ssang-soo visited Turkey to discuss the issue.

In 2008, a Turkish-Russian consortium became the only bidder to build the power station on the Black Sea coast, in the northern part of the country, but Turkey canceled the tender last November.

Korea looks to sell 10 reactors abroad by 2012 and expand the number to 80 by 2030, accounting for 20 percent of new nuclear plants worldwide over the next 20 years.

Seoul plans to roll out customized export strategies to meet the needs of target markets, and also secure technological self-sufficiency to strengthen its advantage in the global market.

A total of 99.6 billion won will be invested in the ongoing project of developing core technologies for plants. The government expects the project to be finished by 2012.

(The Korea Times) State Spending on Public Infrastructure Rated Inefficient

Korea has been ranked in the bottom group among OCED members for the efficiency and outcome of public infrastructure investment, according to the Korea Institute of Public Finance (KIPF), a state-funded tax research center.

The government has invested more than 130 trillion won since 2000 on public infrastructure development.

The institute said the government spent 5.6 percent of the nation's gross domestic product (GDP) in building roads, railways and port facilities among others, between 2000 and 2007.

The percentage is the highest among 28 OECD countries and expenditure per capita averaged \$1,086, much higher than the average.

However, Korea only received 3.38 points out of 10 for financial efficiency of its infrastructure and public facilities, while South European countries, currently suffering from financial difficulties due to deficits, scored higher. Only Hungary and Poland were behind Korea among the surveyed countries.

Korea ranked eighth in the amount of the budget set aside for environmental protection, but came in 16th place for its efficiency in expenditure on areas such as carbon discharging rates.

This means that the government inefficiently spent tax money in creating public buildings and paving roads.

In particular, the country didn't make any improvement in water quality despite massive budget spending.

Poor grades were not only given to environmental projects. The research center said state money was also spent inefficiently on public security and safety. Korea spent \$264 per capita on security and safety, 60 percent of the average of other countries.

However, Korea topped the charts when it came to medical expenditure, meaning the country offers a high quality medical service.

A KIPF researcher said the government needs to scrutinize fiscal planning and expenditure to prevent wasting taxpayers' money.

(The Korea Times) Web Site on G-20 Summit Opens Today

A presidential committee said Friday it will open a Korean Web site, www.seoulsummit.kr, for the G-20 Summit, which will be held in Seoul on Nov. 11 and 12.

The summit will draw the leaders of the world's 20 major economies.

The Presidential Committee for the G-20 Summit said in a press release that it would add other language services, including English, to the Web site, after the G-20 Summit in Canada in June comes to a close.

(The Korea Times) China to 'Upgrade' Ambassador to S. Korea

China is likely to tap Zhang Xinsen, director of general office of the Chinese foreign ministry, as its new ambassador to Seoul, news reports said Saturday, citing diplomatic sources.

The move, if proved, is seen as a “notch up” from China’s past practice since 1992 when the two former Cold War adversaries established full diplomatic relations.

China, a traditionally strong ally to North Korea, had been sending vice-ministerial level ambassadors to North Korea, while sending its top envoys to South Korea who were lower in rank than those it sent to the North.

JoongAng Ilbo said the Chinese “upgrade” is a sign of its positive response to South Korea’s recent appointment of Yu Woo-ik, President Lee Myung-bak’s former top aide and also a confidant.

Once appointed, Zhang will replace Cheng Yonghua, who assumed his new post as China's ambassador to Japan last month.

Zhang was born in 1953 in Shanghai. He graduated from Beijing Foreign Studies University, a top school in China, well known for producing many of its top diplomats. He also previously served as the Chinese ambassador to Ireland in 2005-2007.

Economic Frontage;

Detailed News:

(The Korea Times) Mixed Signals Increase Economic Uncertainty

A cloud of uncertainty is increasingly overshadowing Asia's fourth largest economy, with a host of economic indices showing mixed signals on its outlook.

Industrial output has been expanding at a faster pace over the past few months, with the nation's large manufacturers turning more bullish on growing overseas demand for Korea-made products. Regional economies are also showing signs of a rebound.

But a myriad of other data indicate that the economy is losing growth momentum. Korea's external balance of payments is deteriorating on falling exports, while the job market continues to remain in a deep slump.

On top of the worsening debt crisis engulfing Greece and other southern European economies, a series of liquidity-absorbing steps taken by G-2 — the United States and China — has sent the local stock market into a plunge, with the Korean won sharply losing value against the dollar and other major currencies.

Most analysts here say that the global economic outlook will likely become more uncertain, adding Korea should continue to remain vigilant and maintain an expansionary mode to facilitate the still-fragile recovery.

According to Statistics Korea, industrial output in December expanded at its fastest pace in more than 10 years on strong production of semiconductors and automobiles. Output surged 33.9 percent from a year earlier, the largest expansion since July 1999 when production rose 35.5 percent.

Additionally, manufacturers' business confidence in February rose to its highest level in more than seven years, the Bank of Korea (BOK) said Friday.

The business sentiment index increased to 94 from 93 the previous month, the highest since December 2002.

The central bank also said Friday that regional economies are showing increasing signs of picking up, bolstered by rising consumer spending and corporate investment.

However, another set of economic indicators are pointing in an opposite direction in line with growing downside risks.

Consumer confidence fell to a seven-month low in February as the euro zone debt and the worsening job market conditions weakened households' expectations for a sustained rebound. The BOK said Wednesday that the consumer sentiment index, which measures the overall economic outlook, current living conditions and future spending, dropped to 111 for this month from 113 in January.

Additionally, the nation's trade balance went into the red in January for the first time in 12 months.

According to the Korea Customs Service, the trade account posted a \$460 million deficit last month, compared with a \$3.1 billion surplus in December 2009.

Korea's job market also continues to remain slow, with the unemployment rate surging to 4.8 percent in January from 3.6 percent the previous month. The number of jobless also reached 1.21 million, the largest since February 2000 when 1.22 million Koreans were unemployed.

Most analysts here say Korea has a long way to go until it achieves genuine and sustained growth, stressing the government should keep a range of expansionary policies intact.

“I think it is too early for Korea to withdraw extraordinary fiscal and monetary policy steps against a host of downside risks, including Greece's debt woes and China's liquidity-tightening steps and the prolonged sluggish U.S. economy,” Samsung Economic Research Institute chief economist Kwon Soon-woo said.

He said despite the worsening fiscal position, the government should put in place a range of economy-boosting steps to facilitate the ongoing recovery, adding the central bank needs to leave its key policy rate untouched at a record-low level of 2 percent for the time being.

(The Korea Times) Kia Motors Opens Plant in Georgia, US

West Point, Ga. — South Korean carmaker Kia Motors officially opened its U.S. plant late last week in West Point, Georgia, through which the company hopes to expand its presence in North American markets.

Hyundai-Kia Automotive Group Chairman Chung Mong-koo participated in the event Friday, and was joined by Georgia Governor Sonny Perdue as well as Korean Ambassador to the United States Han Duck-soo.

After agreeing on the partnership with Georgia in 2006, Kia Motors has invested \$1 billion over the past few years to establish the state-of-the-art facilities, dubbed Kia Motors Manufacturing Georgia (KMMG).

The 2.2 million-square-foot factory is now cranking out a single model, the 2011 Kia Sorento, a five-door crossover utility vehicle (CUV). It is to churn out about 130,000 cars this year and will increase the figure to its full capacity of 300,000 by 2013 by adding new models.

The CUV, otherwise called crossovers, is one of the fastest emerging segments. It is basically built on conventional car platforms while borrowing various features from the conventional sport utility vehicle (SUV).

The CUV market was negligible at less than 5 percent in the early 2000s but it recently topped the 20 percent mark, dramatically chipping away at the footing of SUVs.

In line with the changing trend in automotive demand, Kia Motors hopes that its all-new 2011 Sorento will be able to win the hearts and minds of customers this year with extensive safety features and 10-year, 100,000-mile warranty programs.

The model has already got off to a good start here. After its debut, it sold 7,398 in January to rank the third best-selling mid-size CUV in the world's second-largest automotive market.

Based on the popularity of the brand-new Sorento, Kia Motors aims to increase its U.S. sales this year to 347,000 vehicles, up 15.6 percent from last year.

“Today, we officially open the KMMG. With its opening, Kia has a firm foundation to respond rapidly to changing market trends by completing localization for research, manufacturing, sales and after-service in three major regions of the world — Europe, China and the U.S.,” Chung said in a keynote speech at the ceremony.

On top of the Georgia lines, Seoul-based Kia already has a pair of overseas factories in China and Slovakia, whose annual capacities amount to 430,000 and 300,000, respectively.

“I believe the plant will play a leading role in the revitalization of the entire American auto industry,” he said.

Kia Motors says that its Georgian facilities are also only 134 kilometers away from the U.S. production lines of its sister company, Hyundai Motor, in Alabama.

This is good news for car component producers accompanying Hyundai and Kia to the U.S. as they can provide auto parts to both factories.

(The Korea Times) Small Firms Advancing Into Electric Car Market

High hopes of an electric car boom are pushing many small and medium-sized enterprises (SMEs) to advance into the market.

Although the nation's top automaker Hyundai-Kia Automotive Group is expected to lead the sector, SMEs such as CT&T and AD Motors are moving to launch electric cars here earlier than expected, company representatives said Wednesday.

“CT&T plans to sell low-power ‘e-Zone’ electric cars from March 30 on the local market. The suggested price tag will be 16 million won or \$13,850 each,” a spokesman said.

CT&T, controlled by former Hyundai Motors executives, has established itself as the leader in electric vehicles since 2002. The company is placing more emphasis on overseas markets rather than the domestic one, according to the spokesman.

“We plan to sell 2,000-3,000 e-Zones this year, though we don't have high expectations for sales here. Rather, CT&T will sell more overseas,” he said.

The company is headquartered in the provincial city of Dangjin, where it has manufacturing facilities.

AD Motors, the other medium-sized electric car manufacturer has also jumped into the market with its new Aurora electric cars to debut in April.

The company, which has its research and development (R&D) center and manufacturing plant in Hwaseong, Gyeonggi Province, will expand its monthly production capacity to 2,000 by the latter half of 2010 from the current 500, a company spokesman said.

“We hope to sell Auroras for between 15 million and 20 million won,” he added.

These plans come after the nation's leading battery producers have enjoyed recent successes with overseas car makers.

The world's top lithium-ion battery maker LG Chem is close to striking another battery supply deal with Ford of the United States after it was chosen as the key supplier to General Motors (GM).

SB LiMotive, the joint venture between Samsung SDI and Germany's Bosch, is planning to supply lithium-ion batteries to BMW, while SK Energy has recently struck a similar deal with Mitsubishi of Japan.

OEM Products

Besides the “direct players,” other local companies are manufacturing electric cars with technology from foreign companies. Also, some of them are selling foreign-based cars via partnerships with the makers.

Samyang Optics, the local producer of optical-related devices, said it will produce its own electric cars in China with technologies from ZAP and Rotoblock, the U.S. manufacturers of electric vehicles and components, respectively.

“We will produce eight types of electric vehicles or a total of 100 compact cars, taxis and small pick-up trucks in China as an initial move. Later, we will set up manufacturing plants in South Korea as well as China,” a company spokesman said.

Halla-Cinox, a local maker of electric carts and electric forklift trucks, also announced it has struck an exclusive deal with Vantage Vehicle International Inc. of the United States to sell imported Vantage-produced vans and trucks here.

But analysts warned over “blind approaches” by the local SMEs, citing market uncertainty.

“Cars manufactured by CT&T and AD Motors have limited operating areas as the maximum speed of the vehicles is just 60- 70 kilometers per hour, so consumers may not buy into them,” an analyst at a local brokerage said.

CT&T and AD Motors said the companies are conducting safety certification procedures and prices will go down in several years.

(The Korea Times) Economic Gap Reduced Between Korea, Japan

Victories in soccer games and figure skating over the Japanese are usually what please South Koreans, but figures show that the economic gap between the two countries has reduced significantly over the past 20 years as well.

Japan's economy was about 11 times that of South Korea two decades ago in terms of gross domestic product, but now it is only 5.3 times larger. The ratio of the value of the two countries' stock markets fell just as dramatically from 10 times to 4.5 times during the same period.

The changes can be attributed to Korea's fast economic growth but also to Japan's sluggishness, a report from the LG Economic Research Institute said.

“The difficulty the Japanese economy is facing now is not a short-term cyclic recession, nor a long-term downturn of finance and manufacturing. It is chronically low economic growth,” it said.

Japan's economy is still much bigger than Korea's and its citizens are much wealthier than Koreans. The average personal income of Koreans was \$19,231 in 2008, which was less than

half of Japan's \$39,726. But the pace of growth was faster in Korea, where in 1990, the average income was only \$6,303, when in Japan, it was already \$24,471.

The corporate world has also seen a decline of Japanese firms' status. On the annual list of the top 500 global firms published by the Financial Times, Japan had 77 companies in 2000. The number has declined since then, to 49 in 2009. Koreans firms were non-existent on the list in 2000 but six made it in 2009.

Korea increased its foreign exchange reserves to 264.1 billion last October, from 14.8 billion in 1990. This now amounts to about a quarter of Japan's reserves.

Relatively strong growth has meant higher inflation for Korea. A study by the Bank of Korea shows that the consumer price index rose by 12.8 percent between 2005 and 2009, while in Japan the same index rose by a mere 0.3 percent.

The symbol of Korea's growth over its neighbor is Incheon International Airport. In 2006, only five years after it opened, Incheon beat Japan's Narita International Airport in cargo transportation. Last year, Incheon handled 2.3 million tons of cargo, while Narita had 1.8 million tons.

(BBC News) Carmakers' next crutch: Green subsidies

Carmakers are gathering at their annual jamboree in Geneva this week, collectively gasping for air.

A year ago the industry was in crisis.

Car sales had slumped, hit by the global recession and credit crunch that resulted in banks refusing to lend money, whether to people who were keen to buy cars, or to suppliers and manufacturers fighting for their survival.

But at least the carmakers were still energetic, vigorously calling for governments to step in and help revive car sales.

Their calls for action were heard, and many, if not most, governments introduced some form of scrappage scheme that subsidised cars sold to those who crushed their old ones.

By now, most of the scrappage schemes have come to an end, or they will do soon.

So the industry has been left not only exhausted after perhaps the toughest couple of years in its history, but also desperate for another fix of public money.

And they know exactly where to look for it.

Electric motoring

At this year's motor show there will hardly be a single exhibit that does not display petrol-electric hybrids or all-electric cars.

The models on display were conceived and developed during less lean times, when carmakers were forced by regulators to invest heavily in technology that would help them cut vehicle emissions.

There are hybrid versions of the Ferrari 599 Fiorano, Porsche's new Cayenne sports utility vehicle (SUV) and the Audi A8, as well as of more ordinary cars such as the Peugeot 508 saloon, the Suzuki Swift and the tiny Lexus LF-Ch concepts.

All-electric models on display include Nissan's Leaf, the Kia Venga, and the BMW Active-E - as well as the Aston Martin Cygne, a beauty-treated Toyota iQ with hand-stitched leather seats.

Even China's Build Your Dream, or BYD for short, is here with its hybrid and electric models, both aimed for European markets.

Government incentives

Developing these cars have been costly affairs for the carmakers, and in these lean times, when every cent and penny counts, they are eager to recoup their investments.

But with no signs of a strong economic recovery, indeed amidst widespread fears that we will have a so-called double-dip recession, they know full well that their customers are not about to pay a premium to go green.

Carmakers are looking for replacements to scrappage schemes

So they are turning to their governments, hoping for another shower of subsidies, whether in the form of incentives for people who buy these greener cars, or as assistance or tax incentives that support their research and development programmes.

Governments have been quick to respond.

Last week, for instance, the UK government said it would cough up up to £5,000 (\$7,600) to help consumers buy electric cars - a level of assistance that may well cover about a quarter of the cost of, say, a Nissan Leaf.

In South Korea, the government is getting ready to lift a ban on all-electric vehicles - which until now it has justified on safety grounds - and replace it with both research and development assistance, as well as tax incentives and other measures to stimulate demand for such cars.

The move seems set to coincide with the country's manufacturers getting ready to start making electric vehicles.

Electric car pioneers Tesla and Fisker are at the Geneva show too, and consider this - in January Tesla secured a \$465m (£305m) low interest loan from the US Department of Energy to build its new factory in California, with Fisker getting \$528m to help with the construction of its production plant.

Scale this up and look to Detroit in the US, where the traditional automotive industry has been decimated, and you will see the figures multiply.

In Motor City, hopes are high that the billions of dollars President Barack Obama's administration has set aside to pay for the development of petrol-electric hybrids or electric cars and batteries will help the recession-hit economy bounce back.

Jobs and emission cuts

So as the scrappage schemes are phased out, it seems clear that green subsidy schemes are morphing into the motor industry's next set of crutches.

The various scrappage schemes were widely criticised for ignoring the environment part of the equation; in most cases the scrappage cash was dished out without any regards to the new cars' emissions.

Last week, Dieter Zetsche, the walrus-moustached president of the European Automobile Manufacturers Association, said the motor industry should be seen as a "partner in problem solving" eager to combine forces with other stakeholders "to manage together what none of us can manage alone".

The challenges ahead, he said, were two-fold. "Number one: Building a more stable foundation for economic recovery. And two: Leading the transition to low-carbon, sustainable mobility."

In other words, in return for injections of taxpayers' cash the industry will deliver two things, namely jobs - the industry accounts for more than one in three manufacturing jobs in Europe - and emissions reductions.

Which is exactly what governments say they want?

Hence, this time around the cash injections might actually deliver better value for money.

(The Straits Times) S Korea to fund Angkor road

PHNOM PENH (Cambodia) - South Korea has provided US\$9.2 million (S\$12.9 million) to Cambodia to build a new road that will circle the famed Angkor temple complex and reduce traffic in the area, officials said Monday.

The 21-kilometer road will be closed to trucks to reduce pollution, noise and vibrations that could damage the ancient ruins, said Soeung Kong, vice secretary-general of the Apsara Authority, the government agency that oversees the temples.

Construction will start this year and take three years to complete, he said. It will be the second road in the Angkor area funded by South Korea, connecting with existing roads to the north and northwest of the temples, said South Korean Embassy official Son Sungil. The first road extended south from the temple complex.

Tourism is a major foreign currency earner for cash-strapped Cambodia, which hosts nearly 1.5 million foreign tourists each year, mostly from South Korea, Japan and the United States. More than half of the tourists visit Angkor, a UNESCO World Heritage site in northwestern Siem Reap province.

The temples were built when Angkorian kings ruled over much of Southeast Asia between the 9th and 14th centuries.

Conservationists have long expressed concerns about tourism's impact. They say uncontrolled pumping of underground water to meet the rising demand of hotels and residents in the nearby town of Siem Reap may be destabilizing the earth beneath the temples. -- AP

(The Straits Times) Koreas start talks on business

SEOUL - NORTH and South Korea began talks on Tuesday on ways to ease restrictions impeding their joint business project despite tensions over an upcoming major US military exercise with the South.

The two sides began talks at 10am at the jointly-run Kaesong industrial estate just north of the heavily fortified border, the South's unification ministry said.

The North's military last week blasted the March 8-18 US-South Korean annual exercise as a prelude to a surprise attack, and said it could respond to any aggression with nuclear weapons.

Last Friday the communist state also announced it is holding four South Koreans for illegal entry but gave no details. Unidentified Seoul officials quoted by Yonhap news agency said their five-strong delegation would ask about the reported detentions during Tuesday's talks.

The two Koreas have held a series of meetings about the Kaesong estate, where 42,000 North Koreans work at 110 South Korean-funded plants. Those talks ended without agreement after the sanctions-hit North demanded that pay rises for its people should be the priority rather than eased restrictions as Seoul insists.

Seoul wants South Korean employees at Kaesong to be allowed to use mobile phones and the Internet, access to which are strictly controlled in the North. It says border crossing procedures should be simpler and speedier. -- AFP

(Reuters News) Europe car sales to fall; Toyota woes benefit Hyundai

GENEVA/SEOUL (Reuters) - Carmakers are bracing for lower sales in Europe this year as incentive programs end, while elsewhere companies are seeing opportunities in their competitors' product recalls.

Car sector executives gathered in Geneva for the annual auto show on Tuesday spoke of a challenging market at best in Europe this year, with Germany looking especially gloomy after the country was one of the first to end its scrappage program.

"The (German) market this year will be down 25-30 pct," said Philippe Varin, chief executive of PSA Peugeot Citroen. "Germany is clearly the area which is very weak."

A boost of sorts was provided away from the auto show by U.S. carmaker General Motors, which separately said it would triple its funding of European arm Opel and cut its request for state aid in a bid to win over European governments and labor.

Earlier, South Korea's Hyundai Motor Co announced a sharp rise in February sales, benefiting from recall woes at rival Toyota Motor Co, which planned aggressive incentives to win back U.S. customers.

Toyota's recalls, totaling 8.5 million vehicles globally due to uncontrolled acceleration and braking glitches, have hurt its reputation for quality and shone a spotlight on vehicle safety issues.

STRONG START IN EUROPE

Data released on Monday showed car sales rose sharply in February in France, Italy and Spain as scrappage programs lifted business, but the European carmakers are set to face tougher times ahead as governments phase the schemes out.

While France's scrapping incentive is in place until the end of 2010, Italy said last month that it would not renew its scheme, and Germany's ran out in early September.

"We have some not so good news on the Italian market because the scrappage scheme has not been carried over, and the German market is pretty weak for the time being," Varin said.

He said PSA was maintaining its assumptions of a 9 percent fall in Europe as a whole this year.

Toyota Motor Europe Vice President Didier Leroy said in Geneva that Italy, Greece and Germany were particularly weak markets in February.

"In Germany, nobody is selling anything," he told reporters on Monday, noting that Europe's biggest market looked set to shrink by more than a million vehicles this year from last.

That forecast was in line with the view of Germany's own VDA carmakers association, after February new car registrations in Germany fell 30 percent from a year ago, when levels were at a decade high thanks to the government incentives.

"After the domestic market rose above 3.8 million units in 2009 a normalization to a volume between 2.75 million and 3 million car registrations is expected in 2010," VDA President Matthias Wissmann said.

"On average that is over 3.3 million new cars, so these two years on average are clearly above the mid-term market volume of 3-3.1 million units."

German carmaker Opel said on Tuesday the additional funding to be provided by GM would provide enough cash to operate through the end of this year. It had previously said it had enough liquidity to last well into the second quarter.

GM said it would provide 1.9 billion euros (\$2.57 billion) in equity and loans to Opel, up from the 600 million euros first earmarked.

Beyond Europe GM, the largest U.S. automaker, was expected like Hyundai to have benefited from Toyota's recalls, but now faces its own albeit smaller problem.

The company is voluntarily recalling 1.3 million vehicles in North America to fix a power steering problem linked to 14 crashes and one injury.

Its vice-president in China Chen Shi said on Tuesday it did not expect to see any impact in China from the decision

(Reuters) Seoul shares steady; Kia Motors at over 4-yr high

SEOUL, March 3 (Reuters) - Seoul shares were rangebound on Wednesday, with Hyundai Motor and Kia Motors advancing on the back of strong sales data, but caution about factory output data due later in the day capped gains.

January factory output data, due at 0430 GMT, may reaffirm the market view that Asia's fourth-largest economy has lost recovery momentum.

"Concerns about slowing growth momentum and unfavourable demand and supply conditions are keeping the market from breaking through the mid-1,600 point resistance level," said Lim Dong-min, an analyst at KB Investment & Securities.

"Looking at historic valuations, the KOSPI stands at an appropriate level now, or 10 times earnings and 1.25 times book."

The Korea Composite Stock Price Index edged up 0.15 percent at 1,617.61 points by 0151 GMT.

Kia Motors Corp (000270.KS) rose 1.83 percent to 22,250 won after climbing to 22,400 won, the highest level since February 2006.

Kia and its affiliate Hyundai Motor Co (005380.KS) reported a jump in February sales, while U.S. sales at Japanese rival Toyota Motor Corp (7203.T) (TM.N) dropped, hurt by a safety crisis.
[ID: nN02163434]

Shares in Hyundai were 0.88 percent higher.

Foreign investors remained net buyers, snapping up a net 26 billion won worth of shares. They bought a net 421.8 billion won on Tuesday, their largest single-day purchase in over three months.

Rising optimism Greece would reach a financial aid deal with the European Union have provided relief to markets.

Korea Electric Power Corp (015760.KS) advanced 0.95 percent as the won KRW= scaled its strongest in more than a week against the dollar. A firmer local currency tends to reduce the utility's borrowing costs.

(Reuters) Seoul shares rise 1.3 pct; chips gain, Hyundai down

SEOUL, March 2 (Reuters) - Seoul shares advanced 1.3 percent on Tuesday after a long weekend, led by memory chip makers and select construction firms, while foreign investors turned net buyers after gains in U.S. shares.

Financials

The Korea Composite Stock Price Index (KOSPI) ended up 1.29 percent at 1,615.12 points. Samsung Electronics (005930.KS) rose 3.49 percent and Hynix Semiconductor (000660.KS) climbed 2.14 percent following a strong outlook from U.S. flash memory firm SanDisk Corp (SNDK.O), but Hyundai Motor (005380.KS) fell 1.3 percent ahead of its February sales data. (Reporting by Rhee So-eui; Editing by Jonathan Hopfner)

(Reuters) Seoul shares gain on chips, builders; Hyundai down

SEOUL, March 2 (Reuters) - Seoul shares advanced 1.3 percent on Tuesday above the key 1,600 mark, led by memory chip makers and copper smelter Poongsan (103140.KS), but Hyundai Motor (005380.KS) slid ahead of its February sales data. Several construction firms including GS Engineering & Construction (006360.KS) rose after they signed contracts for the United Arab Emirates' Ruwais refinery project. Foreign investors turned net buyers following gains on Wall Street, ending their selling spree over the past three sessions. Analysts said the KOSPI could extend gains this week as investor jitters over Greece and the unwinding of global economic stimulus neasures ease, but expected resistance around 1,650 points.

"The KOSPI is rebounding as uncertainties over the global economy recede. Investors are less worried about Greece and they increasingly feel leading economies are not headed to fuller tightening yet," said Kim Joo-hyung, an analyst at Tong Yang Securities.

"But a fuller recovery in the market is unlikely before a clear improvement in global economic fundamentals. Foreign investor appetite could weaken again," Kim said. The Korea Composite Stock Price Index (KOSPI) ended up 1.29 percent at 1,615.12 points, after a local holiday on Monday. The index is still 6 percent lower than a high seen in late January.

Signs that Greece might be nearing a deal for emergency aid helped market sentiment, while data Monday showed Korean exports per working day soared to a 17-month high in February, easing investor concerns about the impact from monetary tightening in countries like China. [ID:nTOE62000H]

Samsung Electronics (005930.KS) rose 3.49 percent and Hynix(000660.KS) climbed 2.14 percent following SanDisk Corp's (SNDK.O) strong revenue outlook. The PHLX Semiconductor index.SOXX added 3.1 percent. [ID: nN26219612]

Copper smelter Poongsan (103140.KS) rose 2.86 percent after a massive earthquake in Chile forced the country's mines to shut down temporarily and sent copper prices higher. GS E&C jumped 4.82 percent after the builder said it had signed \$3.6 billion worth of deals under the Ruwais project. [ID: nSEL002999] Samsung Engineering (028050.KS) gained 3.67percent and Daewoo Engineering & Construction (047040.KS) climbed 1.76 percent also on respective deals related to the project. But Hyundai Motor (005380.KS) reversed early gains to end down 1.3 percent before it released February auto sales. The country's top auto maker said shortly after the market close its February auto sales rose 23 percent from a year ago but fell 18 percent from January. [ID:nSEL003001]

Another major decliner was state-run Korea Gas Corp (KOGAS) (036460.KS), which dropped 4.96 percent after the government delayed an anticipated tariff system change to better reflect energy price moves. Foreign investors bought a net 328 billion won (\$285 million) (\$154 million) worth of shares on the main board on Tuesday.

Institutional investors bought a net 66 billion won while retail investors dumped 406 billion won worth. Advancers outnumbered decliners 475 to 317 with 87 issues ending unchanged. Trading volume by 0630 GMT was 408 million shares worth about 4 trillion won, compared with 331 million shares worth 3.2 trillion won in the previous session.

The KOSPI 200 March futures index KSc1 ended up 3.85 points at 211.60 and the KOSPI 200 spot index .KS200 gained 3.08 points to 211.44. The junior Kosdaq market .KQ11 rose 0.18 percent to close at 507.96.

Move on day		+1.29 percent
12-month high	1,723.22	19 JAN 2010
12-month low	992.69	3 MAR 2009
Change on yr		-4.02 percent
All-time high	2,085.45	1 NOV 2007
All-time low	93.10	6 JAN 1981

(\$1=1153.0 Won)

(Reuters) WRAPUP 2-Hyundai feeds on Toyota woes; GM recalls 1.3 mln cars

SEOUL/DETROIT, March 2 (Reuters) - South Korea's Hyundai Motor Co (005380.KS) announced a sharp rise in February sales, benefiting from recall woes at rival Toyota Motor Co (7203.T), which planned aggressive incentives to win back U.S. customers.

Toyota's recalls totalling some 8.5 million vehicles globally due to uncontrolled acceleration and braking glitches have hurt its reputation for quality and shone a spotlight on vehicle safety issues.

In the latest of a string of product problems across the industry, General Motors Co [GM.UL] said it was voluntarily recalling 1.3 million vehicles in North America to fix a power steering problem linked to 14 crashes and one injury.

Toyota is facing a slide in U.S. sales after recalling more than 6 million vehicles in that market alone.

U.S. February auto sales data, due later on Tuesday, are expected to show Toyota's market share sliding to its lowest level in more than five years, according to industry tracking firm Edmunds.com. [ID:nN26177297]

Hyundai, which has been enjoying a surge in popularity for its cheap and fuel efficient models, said its February sales jumped 23 percent from a year ago to nearly 250,995 vehicles, its eighth consecutive month of double-digit gains.

Under chief executive Chung Mong-koo, Hyundai has sought to cash in on the hit to Toyota's reputation, offering incentives for U.S. consumers to switch to its models such as the Sonata and Elantra.

"The impact of Toyota's recalls started to emerge from January, with Hyundai Motor's rising market share. It seems to become even clearer in February," said Suh Sung-moon, an analyst at Korea Investment & Securities in Seoul.

GM RECALLS FOR STEERING

GM, the largest U.S. automaker, is also expected to have benefited from Toyota's recalls, but now faces its own albeit smaller problem. [ID:nN02123715]

"With almost all major automakers involved in recalls, the whole issue is now about who admits problems first and go out to build trust with consumers," said Michael Sohn, analyst at Woori Investment & Securities in Seoul.

GM said the affected vehicles can be still be safely controlled but it may require greater steering effort under 15 mph (24 kph). [ID:nN02123715]

The recall covers the 2005-2010 model year Chevrolet Cobalt and 2007-2010 Pontiac G5 in the United States; 2005-2006 Pontiac Pursuit sold in Canada, and the 2005-2006 Pontiac G4 sold in Mexico, GM said in a statement.

INCENTIVES

Toyota, which is facing an investigation for steering problems in its popular Corolla model, is not yet out of the woods on its recalls. The world's largest automaker said on Monday it will replace an oil hose in almost 1 million U.S. vehicles due to the risk of a leak that could damage the engine. The fix includes late-year models of Camry, Avalon, Rav4, and Lexus 350 ES and 350 RX. [ID:nN0197172]

In an effort to regain U.S. market share, Toyota will offer zero-percent financing for 60 months on some 2010 model year vehicles, including its most popular Camry and Corolla sedans and other vehicles involved in safety recalls, a source briefed on the matter told Reuters on Monday.

Returning Toyota customers will also receive a complimentary two-year maintenance package, while cash rebates ranging from \$500 to \$3,000 will also be offered, said the source, who declined to be identified because the information has yet to be announced by Toyota.

Kazaka Securities analyst Yoshihiko Tabei the measures were a step in the right direction to avoid further damaging cuts in production.

"Lower factory utilisation rates would have a substantial negative impact on Toyota's earnings. It is crucial for Toyota to drive sales so it does not need to lower production levels."

US SALES HIT

Industry tracking firm Edmunds.com sees Toyota's market share dropping to 12.6 percent in February, its lowest level since July 2005 and compared to 17 percent for all of 2009, as Toyota cut sales and production of some its most popular models last month.

Shares in Toyota ended up 0.6 percent in Tokyo, having fallen more than a fifth since late January, when the recall crisis erupted. Some \$30 billion in the company's market value has been wiped out since then.

Hyundai shares ended down 1.3 percent ahead of its sales data.

Toyota global quality control chief Shinichi Sasaki and North American President Yoshimi Inaba are scheduled to appear before a Senate committee on Tuesday -- a third hearing on Toyota's handling of consumer complaints about sudden acceleration.

In written testimony released before his appearance, Sasaki reiterated Toyota's plans to tackle quality and safety issues including working more closely with regulators, giving regions more autonomy on recalls and improving information sharing between regions. [ID:nN02123829]

President Akio Toyoda, who appeared before a Congressional panel last week, returned to Japan on Tuesday, having also travelled to China to apologise in person for the recall problems.

(Reuters) S. Korea Feb housing prices up for 11th month

Tue Mar 2, 2010 12:44am EST

SEOUL, March 2 (Reuters) - Housing prices across South Korea in February posted their 11th consecutive monthly gain, data from the country's top lender showed on Tuesday.

Housing prices in February rose 0.3 percent from January and gained 2.7 percent from a year earlier, the data from Kookmin Bank showed.

The annual growth marked the fastest pace since December 2008, the data showed. (Reporting by Yoo Choonsik; Editing by Jonathan Hopfner)

(The Korea Times) Seoul Has Second Thoughts Over Global Banking Reform Plan

Unlike U.S. and European counterparts, Korean financial institutions have emerged largely unscarred from the worldwide credit crunch and the subsequent financial market mess.

What is more, the collapse of the global financial system presented local banks and other financial services once-in-a-life time opportunities to become a leading player in Asia and beyond in the post-crisis era by expanding size through merger & acquisition (M&A), strengthening risk management and improving bottom line.

Despite the tightening banking regulations introduced by the United States and other countries in a bid to prevent the reoccurrence of the global financial crisis, Korean policymakers are reluctant to follow the wave of the global banking reform, saying the situation here is quite different from those of advanced economies.

They say that financial institutions here are closely watched by the government, stressing that Korean financial firms need to get bigger in order to compete in the global market against the likes of Goldman Sachs, and create more high-salary jobs for ambitious bankers.

With the Korean government pledging to deregulate financial rules, promote market competition and help expand the size of the domestic banking industry, the sector will likely undergo drastic changes in 2010.

At the center of the attention is who will become the nation's leading financial services company and the answer is whoever comes out as a winner in a looming merger and acquisition (M&A) war over the Korea Exchange Bank (KEB) and the state-owned Woori Financial Group. the customer base.

For years, Kookmin Bank has been a dominant player in the local banking sector, operating the largest number of branch offices and serving the largest number of retail and corporate customers. But in recent years, Shinhan Bank and the state-owned Woori Bank have been catching up fast with the industry leader by expanding the size of assets under management and

Korea's banking industry will likely go through earth-shattering changes in 2010 as the U.S. private equity Fund Lone Star Funds plans to dispose of its controlling stake in the KEB. Kookmin Bank and several others seek to acquire the nation's sixth lender and whoever owns it will become the nation's formidable banking institution.

Additionally, the government plans to sell its stakes in Woori Bank and its affiliated financial units as soon as possible. The sale of the country's third-largest financial group will drastically change the landscape of the local banking sector.

In 2010, domestic lenders are expected to become more aggressive in making inroads into foreign markets to find new sources of growth, with the market here moving closer to a saturation point.

At the same time, they will likely enhance risk management with the lingering uncertainties both at home and abroad. Debts held by households and small businesses have risen to an all-time

high, while the global financial sector could destabilize at any time as the U.S. and Europe still remaining in deep slump.

Local lenders are also expected to work hard to promote ``Green Finance," and introduce related financial products and services as their new growth engine, riding high on the growing global awareness of environment-friendly and sustainable economic growth.

(The Korea Times) 'Korea Is Core Market for Citi'

Stephen Bird is the Asia-Pacific chief executive of Citigroup. He is also a non-executive director of Citibank Korea. He acknowledges that the Korean operation needs further growth.

“Korea is the core of our Asia growth strategy. Our commitment to the development of our Asia franchise is stronger today than at any other time in our 42-year history in Korea,” he told The Korea Times in an e-mail interview.

Bird says that he “absolutely” agrees that South Korea has the potential to become a financial powerhouse.

“It has emerged from the global financial crisis faster than other countries and is now focused on becoming a financial hub in Northeast Asia. Also, Korea, as a leader in the G-20 and host of the G-20 meeting in November, is expected to play a critical role in fostering sustained global growth,” he said.

Like CEO Ha, who prefers quality to quantity, Bird also implies that the bank’s priority here is to focus on improving the current operation.

“In terms of growing the business, our focus has always been on organic growth but we will consider inorganic expansion if necessary,” he said.

(The Korea Times) Economy Becomes Less Resilient After Crisis

The Korean economy has become less resilient since the 1997-98 Asian financial crisis, with companies here becoming more reluctant to make new investments amid an increasingly uncertain economic outlook.

The trend has become more evident since the unprecedented worldwide economic slump in late 2008 as Korean firms stash a record amount of cash for rainy days.

Additionally, many businesses have shifted plants to China and other Asian economies for cheaper land and labor costs, rather than expand operations at home and hire Korean workers, weakening the nation's growth potential.

Rising household debts are posing another threat to Asia's fourth-largest economy. The high household savings rate has been a backbone of the Korean economy over the years, providing much needed capital to the corporate sector for investment.

But families here have become less able to save because of falling income growth as a result of the sluggish job market, and surging living costs. They are borrowing more from banks and other financial services companies to buy homes and make up for a shortfall in daily expenditures, pushing up the household debt to a record-high level.

According to the Bank of Korea (BOK) Tuesday, corporations here had the combined savings of 215.1 trillion won at banks as of the end of 2009, up 21.3 percent, or 37.7 trillion won, from a year earlier. The 21.3 percent increase marks the largest jump since 2000 when outstanding corporation savings leapt 26.9 percent.

The central bank attributed a rise in corporate savings to a better-than-expected performance last year on surging overseas demand for Korean-made products. Additionally, companies increasingly preferred to hold onto cash rather than build new plants and other business-related facilities amid the continued uncertain outlook.

On the other hand, households' outstanding bank deposits did not expand as fast as the corporate accounts as they were hit hard by the economic downturn. Incomes of salaried workers and the self-employed grew at a slower rate as a result of the tight job market, falling private consumption and other negative conditions.

The BOK said household savings reached 360.5 trillion won in December last year, up only 10.4 percent from the previous year, with the average family income inching up 1.5 percent to 41.31 million won.

But the outstanding household debt increased 6.6 percent to 733.7 trillion won from 688.3 trillion won over the one-year period, with each family owing an average of 43.37 million won.

The central bank said a growing number of households outspent their earnings during the slump, borrowing more from banks to finance surging living costs in the wake of higher prices of agricultural and other daily necessities. "It has become harder for families to save these days as their income grows at a slower rate than expenditures. Also, they are saddled with record-high debts as many took out mortgages to purchase houses."

(Reuters) Little room for hybrids, EVs in Europe for a decade

GENEVA (Reuters) - Hybrid and electric cars are the stars of motor shows, but the expensive technologies could take a decade to really hit European roads as automakers improve petrol and diesel cars to meet short-term emissions targets.

The planned launch of the first zero-emission electric cars from Nissan Motor Co, Daimler AG and Mitsubishi Motors Corp this year, as well as debut of hybrid cars from a growing number of European brands has renewed the buzz around electric powertrains as promising solutions to reducing emissions in carbon dioxide-conscious Europe.

But most automakers gathered at the Geneva auto show this week said the most practical road to meeting Europe's 130g/km CO2 emissions target by 2015 was to improve conventional gasoline engines, downsize their cars, or offer more diesel engines, which are 20 to 30 percent more fuel-efficient than their petrol cousins.

"I think the opportunity for hybrids in Europe is quite small," said Hyundai Motor Europe Vice President Allan Rushforth.

While Hyundai Motor has hybrid and pure-electric cars in the production pipeline elsewhere, Rushforth said the introduction of clean diesel engines and improved gasoline cars alone would help South Korea's top automaker reduce its CO2 emissions in Europe to 115g/km by 2015, from 142g/km last year.

Generous subsidies have helped hybrids gain traction in Japan and the United States, but European consumers have favored diesel cars for better mileage and lower CO2 emissions.

With sales volumes so small, at less than 1 percent of the overall European market last year, having hybrid models in its line-up has done little for Japan's Honda Motor Co -- one of the few mass producers of gasoline-electric cars in the world. Its average emissions were above 140g/km last year.

"Hybrids don't have the same recognition in Europe as they do in the United States or Japan," Honda Motor Europe CEO Shigeru Takagi told Reuters at the auto show.

Takagi added that while Honda hoped the launch of the new sporty CR-Z showcased in Geneva and Jazz subcompact hybrids would help boost sales, Honda would also have to boost mileage on the Accord and other volume sellers to bring its emissions down.

Honda would eventually also need a small diesel engine to meet targets beyond 2015, he said.

"I think the Europeans were in no hurry to launch hybrids because they are not necessarily that much better in terms of fuel efficiency than diesel," said Michael Tyndall, auto specialist at Nomura International.

"The cost benefit trade-off doesn't really work for European consumers because a diesel car will be cheaper to buy and the comparative fuel saving is not enough to justify that extra cost," he added.

Hybrid leader Toyota Motor, meanwhile, slashed its emissions to 130.1g/km last year, only trailing Italian small-car maker Fiat, but that was thanks to the penetration of its Yaris subcompact, according to research firm JATO Dynamics.

Toyota sold just 44,000 units of the Prius hybrid in Europe last year, compared with about 210,000 for the Yaris.

Even the Renault-Nissan alliance, which has been the most aggressive in pursuing a zero-emission strategy, said EVs would only go so far to meet European targets.

"We're projecting a 10 percent share of the global market for EVs by 2020, and that's said to be a very optimistic target," the partners' zero-emissions project leader, Hideaki Watanabe, told Reuters.

"Even at that level, we'd have to work on the remaining 90 percent, which is based on internal combustion engines."

Japan's Mazda Motor Corp is taking just such a strategy, making improvements to its internal combustion engines to raise fuel economy by 30 percent until 2015, and adding hybrid and other electric options beyond that.

HYBRIDS FOR 2020?

Still, automakers say a further reduction in CO2 targets to 95g/km by 2020 would require hybrid technology or zero-emission electric or hydrogen fuel-cell cars, which is why automakers such as BMW and Volkswagen have plans to bring gasoline-electric cars to showrooms, albeit just in the high-end segments for now.

"(This) can only be achieved with a mixture of vehicles," said BMW CEO Norbert Reithofer.

"You will need electric cars, very good diesels, and hybrids," he said, adding BMW will expand its new 5-series generation to include a full hybrid.

Opel's R&D chief Rita Forst clarified Chief Executive Nick Reilly's recent break with his predecessor's aversion to offering hybrids in addition to the vaunted Opel Ampera electric car that will likely hit showrooms late next year.

She said the German carmaker was in fact planning to add a start-stop system for the Corsa soon as a "micro hybrid" and did not exclude the possibility that a "mild hybrid" with brake energy recuperation might also be offered in low volumes.

France's top automaker, PSA Peugeot Citroen, also expects electric powertrains to play a bigger role in a decade.

"If you look at the market in 2020 compared to what it is today... our assumptions are that if you add up the electric vehicle and the hybrid it will add up to potentially 15 percent of the market," PSA CEO Philippe Varin said.

(The Korea Times) Leading Indicator Drops for First Time in 13 Months

The economy's recovery is showing increasing signs of losing steam. Leading indicators, which gauge the economic outlook, fell for the first time in 13 months.

According to Statistics Korea, industrial output rose by 36.9 percent in January from a year ago, marking a year-on-year rise for seven consecutive months.

However, the year-on-year leading indicator marked 11.3 percent in January, down 0.3 percentage points from December. It is the first time for the index to head downward in over a year.

It had been rising since January 2009, but has been losing its pace of growth.

"The fall of the leading indicator may be raising the question of whether the economy will continue its recovery. It will add to uncertainties in the financial market," said Kim Yoo-mi, an economist at KTB Investment & Securities.

She expected the indicator to fall further, as consumer sentiment, the stock market and liquidity all work toward the negative side.

"The industrial output will continue expansion on exports for some time, but it will slow down growth. Facility investment will also slow down, and construction investment is expected to lose momentum," she said.

A number of indices have shown recently that the economic recovery may be slowing, amid renewing troubles in the global financial markets and the diminishing effect of the government's stimulus package.

Consumer confidence fell to a seven-month low in February, and the consumer sentiment index, which measures the overall economic outlook, current living conditions and future spending, dropped to 111 from 113 in January.

The country's trade balance went into the red in January for the first time in 12 months, marking a \$460 million deficit, and the unemployment rate rose to 4.8 percent in January from 3.6 percent the previous month.

The number of jobless reached 1.21 million, the highest number since February 2000.

"The economy is not essentially bad. Exports are still OK, especially to China. The indices are slowing down as they jumped steeply last year after the global financial crisis," said Jun Min-kyu, an economist at Korea Investment & Securities.

However, he said that the slowing down of the rebound in indices can have a negative psychological effect.

Another financial expert showed concern that the economy could change direction anytime exports start to slow down growth, coupled with problems in the job market.

(The Korea Times) 149 Job Centers to Open in 2010

The Ministry of Public Administration and Security said Thursday that it will set up 149 job centers nationwide to help reduce unemployment.

The measure is part of programs the ministry presented to a policy coordination meeting on job creation at Cheong Wa Dae.

During the meeting, President Lee Myung-bak called on private enterprises and regional governments to join the central administration's drive to create jobs and increase corporate investment, saying the sluggish job market is the biggest challenge the country must tackle this year.

He expressed optimism about Korea's short-term economic performance, saying the country will be able to mark the highest growth rate in 2010 among 30 members of the Organisation for Economic Development and Cooperation.

"Last year, most countries in the world sought to protect their job markets from the global economic crisis through aggressive fiscal spending. This year, we need help from private firms to create a positive cycle for the market," Lee said.

He added that "our No.1 economic goal is to provide enough job opportunities and increase economic vitality."

Lee invited most provincial mayors and governors to the monthly meeting for the first time since it was started last December so that they could suggest measures to deal with the rising unemployment rate and worsening job conditions among the young.

Job creation is the Lee administration's top policy priority for this year as a large number of college graduates and young job seekers remain unemployed despite a faster-than-expected economic recovery.

Seoul aims to create more than 250,000 new jobs in 2010 with tentative tax deductions so that small- and mid-sized firms can hire new workers.

"The role of the corporate and the civic sector is as important as that of the government in resolving the worldwide problem of jobless growth," the President said.

Local governments will secure additional financial resources by cutting back on expenses for public events and festivals to create more jobs for young adults and the middle-aged, the ministry said.

It expects municipal governments to create more than 30,000 new jobs by May by reducing expenditure. The newly created jobs will include, among other fields, work in the forestry and bicycle industry, including bike repair and maintenance of bicycle paths.

According to the government, the jobless figure totaled 890,000 at the end of last year, up from 770,000 a year earlier. The nation's year-on-year jobless rate also rose from 3.2 percent to 3.6 percent.

RBC, BNP Probed for ELS Manipulation

BNP Paribas, Royal Bank of Canada (RBC), Daewoo Securities and Mirae Asset Securities are facing criminal charges over price manipulation on derivatives, which allegedly inflicted several billion won in damages to shareholders last year.

The Seoul Central District Prosecutors' Office has launched formal investigations on the four firms on request from the Financial Supervisory Service (FSC), the organizations said Thursday.

If proven guilty, those involved in any of these cases will face imprisonment and/or heavy fines. RBC and Daewoo already are involved in class-action lawsuits worth 3.2 billion won and 380 million won, respectively.

“These offenses are punishable by the criminal law,” said a deputy director of the FSS in charge of the derivative monitoring. “We notified the prosecutors last fall, and they have now launched investigations.”

Mirae Asset’s spokesman was confident that it will be proven not guilty, since no investors have so far complained about losses. “Sometimes, selling certain shares on the last trading day is inevitable because some products are designed that way. In our case, none of the investors were reported to have suffered losses and we are not engaged in any civil lawsuit about it,” he said.

Three others, including the RBC and BNP Paribas, didn’t reply to inquiries from The Korea Times on Thursday. But the FSC official said that it was often the foreign firms who actually manage those complex financial derivative products on behalf of Korean securities firms.

The securities firms are accused of selling massive amounts of shares on the last trading day of certain equity-linked securities (ELS) to customers. These ELS were supposed to pay high returns to investors if the price of their underlying equities didn’t fall under a certain level. But because of the massive selling just before the deadline, those share prices fell sharply and the firms saved on payouts to investors.

Last month, two investors filed a class action suit against RBC, a Toronto-based bank, seeking 3.2 billion won in compensation after losing 25.4 percent of their investment in ELS of RBC sold by Hanwha Securities.

At the time, the bank said, “We are absolutely confident that we acted in accordance with all the applicable laws and practices,” according to a Dow Jones report.

ELS derivatives are often designed to give a high profit to investors if the share prices of its underlying assets do not fall under a previously set level. So, it is natural that the sellers of such products hope the share prices fall before they reach maturity.

After many complaints were received, the financial regulators are seeking to raise the level of penalties on securities firms for such stock price manipulations and frauds. On Thursday, the Financial Services Commission, which supervises the FSS, said that it will slap heavy fines on offenders by itself, apart from criminal and civil lawsuits.

(The Korea Times) KAI Faces Downsizing

Korea Aerospace Industries (KAI), the nation's only aircraft maker, is facing a major restructuring and a significant reduction of its executives in coming weeks, amid lingering speculation that the company may be privatized.

Currently, the Korea Finance Corp. (KoFC), which was spun off from the state-owned Korea Development Bank last October, holds a 30.5 percent stake in KAI, which also has three other major shareholders — Samsung Techwin, Doosan DST and Hyundai Motor, each with a 20.5 percent stake.

KDB wanted to sell KAI last year under a government policy to privatize public firms but withdrew the decision temporarily in the face of opposition from KAI's labor union and concerns that such a move could harm efforts to sell the T-50 supersonic trainer jet to Singapore.

Singapore is set to announce a final bidder for its trainer acquisition program this or next month. The T-50 is competing with the M-346 jet built by Italy's Alenia Aermacchi.

In a news conference Jan. 28, KoFC Chairman Ryu Jae-han said his organization was looking to sell KAI and other assets in the first half of the year in consideration of the market situation.

“KoFC notified KAI of its restructuring plan last month,” an industry source told The Korea Times. “In particular, the organization asked KAI to halve the company's executive officers in a bid to streamline the aircraft maker.”

Other industry sources said the major restructuring could be a preliminary step for privatization.

“It seems that KoFC wants to slim down KAI and increase the company's efficiency and profitability. If so, the organization will be able to manage KAI in a more flexible manner,” the source said.

Observers say the result of the Singapore competition is expected to influence the fate of KAI, which develops and produces a wide range of civil and military aircraft, including helicopters, basic trainer jets and unmanned aerial vehicles.

Last year, KAI apparently lost a bid to Aermacchi to sell up to 48 trainers to the United Arab Emirates (UAE) in a \$1.3 billion deal. But reports said in January that the UAE was considering reopening talks with KAI after failing to finalize an agreement with the Italian company.

(The Korea Times) Minister Presses Union to Sacrifice to Save Firms

The nation's top economic policymaker is pressing labor groups to make a "necessary" sacrifice to revive ailing corporate players in the aftermath of the global economic crisis.

In a Seoul forum Friday, Strategy and Finance Minister Yoon Jeung-hyun pointed to the labor union of Kumho Tires, which has been put under a creditor-led debt rescheduling program, saying unionized workers should work together with the management to revitalize the nation's second-largest tire maker and its parent company, the Kumho Asiana Group.

"In the past, Hyundai and Daewoo units have survived through a drastic self-imposed restructuring scheme. If Kumho Tire is a competitive corporate entity, it will follow their footsteps. To do so, both management and workers must make sacrifices. But unfortunately, Kumho Tires' labor union has refused to accept restructuring," Yoon said.

The company has proposed to slash wages of executives and employees, and other operating expenses as part of its corporate overhaul plan in exchange for fresh loans from creditors. It has also decided to dismiss nearly 1,200 unionized workers.

However, the labor union is strongly protesting the firm's restructuring measures, threatening to stage a full-scale strike.

The escalating management-labor conflict has made creditor banks reluctant to provide fresh funds, driving the tire maker into a deeper financial mess.

Yoon then stressed the importance of the controversial four-river improvement project, calling it an "essential and urgent" national task.

“The scheme is an absolutely necessary investment for our future. Some say we should do away with it and instead spend money to create jobs and bolster a social safety net. But I disagree. The project is not a mere public work, but a crucial mission for all of us. We have to turn it into a great success,” he said.

A total of 18 trillion won will be spent to strengthen the capability of four main river systems — the Han, Nakdong, Geum and Yeongsan — across the country by building dams, reservoirs and other water-management facilities through 2012.

The government expects the work to create around 280,000 new jobs.

The finance minister expressed a skeptical view over the recent move by public enterprises to extend the retirement age of their employees, saying the retaining of older workers should not reduce the number of positions available to young adults.

“What I oppose is a uniform extension of retirement for all workers. Only those whose skills and know-how are needed by companies should be allowed to stay longer. It should not negatively affect young jobseekers,” Yoon stressed.

He then said the Korean economy will not fall into a double dip downturn this year, adding the nation's sluggish labor market will improve toward the year's end.

Socio-Cultural Façade;

Detailed News:

(Reuters) Japanese cast envious eye at South Korea gold haul

VANCOUVER (Reuters) - Senior Japanese Olympic officials have admitted the team underachieved in Vancouver, saying they need to follow South Korea's blueprint for success.

Japan failed to win a single gold and came away with just three silver and two bronze medals, in contrast to the solitary gold won by figure skater Shizuka Arakawa at Turin in 2006.

Japan's haul at the Vancouver Olympics, placing them 20th overall, fell way short of Asian rivals South Korea, who captured six gold, six silver and two bronze medals to finish fifth.

"Our total medal count was four more than at the last Winter Olympics," Japan's delegation chief Seiko Hashimoto told a news conference on Sunday. "A gold medal would have been nice obviously."

Japan's target for Vancouver had been 10 medals.

"I have been told South Korea's target was five medals," added Hashimoto. "Well, they easily surpassed that. It shows the lengths they have gone to strengthen.

"Physically they have a similar build (to the Japanese). It is encouraging that another Asian country has achieved such good results."

The women's figure skating again dominated the Olympic spotlight in Japan where office workers huddled around television screens to watch Mao Asada battle South Korea's Kim Yuna.

Hot favorite Kim soared to gold ahead of Asada with a world record score, although Daisuke Takahashi's bronze gave Japan a first Olympic men's figure skating medalist.

"There has to be a better performance at the 2014 Sochi Olympics," said Hashimoto. "A lot depends on how seriously Japan is about sport."

(The Straits Times) 'Abortion Republic' no more

Faced with ageing population and low birth rate, Seoul seeks to enforce ban on procedure

SEOUL - SO MANY abortions are carried out in South Korea every year that it has been nicknamed 'Abortion Republic'. But that label may soon come unstuck, as the health authorities seek to enforce a long-ignored ban on abortions.

The move comes a few months after the government signalled it would try to reduce the number of abortions to help boost the country's low birth rate.

The Health Ministry yesterday said it would set up a 'call centre' on illegal abortions and informants would receive rewards, Agence France-Presse reported.

Obstetricians involved in illegal abortions will be referred to prosecutors for criminal charges, the ministry said.

The Korean Association of Obstetricians and Gynaecologists last month promised to expel those among its 4,000 members who do not follow government guidelines on the procedure.

But in a country where hospitals openly advertise abortion services - even though the procedure has been banned since 1953 except in certain cases such as rape - some experts say it is better to target the mindset rather than the practice.

(The Star online) South Korean medalists to get cash rewards

SEOUL: South Korean medallists and coaches will receive cash rewards worth tens of thousands of dollars after their triumphant performance at the Vancouver Winter Olympics, officials said yesterday.

The sports ministry said the government would provide 40 million won (US\$34,722) to each of the gold medallists, 20 million won to silver medallists and 12 million won to bronze winners.

Their coaches will receive up to 40 million won each regardless of nationality, it said.

South Korea, who sent 46 athletes to the Games, finished fifth in the medals table with a record six golds, six silvers and two bronzes.

Despite the country's traditional predominance in short track speed skating, it only won two golds in that discipline compared to six at the 2006 Turin Olympics.

(The Korea times) GSK's Diabetes Drug Gets Second Warning

The Korea Food and Drug Administration (KFDA) Wednesday posted another warning about the use of diabetes treatment drug Avandia, made by GlaxoSmithKline (GSK), for patients with heart conditions.

The announcement came as the U.S. drug administration is reviewing its possible risks. The results are expected to be released in July. If the drug is banned from sales there, it is likely to affect the KFDA's decision.

Avandia was subject to a safety alert over possible association between its main substance, rosiglitazone, and increased cardiovascular risks, including heart attacks, heart failure and others, in 2007. The FDA also requested a black box warning. The KFDA banned its mixed use following the case.

According to the Medical Herald, Avandia receives some 20 billion won in annual sales, topping the list in the 340 billion won domestic diabetes treatment market as of 2008.

Alongside Avandia, several other diabetes drugs are distributed here containing rosiglitazone: Sanofi Aventis' Amavan, GSK's Avandaryl, Yuhan Corporation's Rositazone and others. There have also been warnings about their possible side effects.

(The Korea Times) Bill Calls for More Practical English Learning

A lawmaker said Wednesday that he will propose legislation to remove English from the college entrance exam known as the Korea Scholastic Aptitude Test (KSAT).

Rep. Park Jun-seon of the governing Grand National Party (GNP) told The Korea Times that he plans to submit the bill to the National Assembly by April after gathering public opinion and making minor changes.

Under a draft of the bill obtained by the paper, the English test of the KSAT would be replaced with a government-accredited English proficiency test.

Under the measure, the Ministry of Education, Science and Technology would be required to develop an indigenous version of the TOEFL focusing more on practical English communication skills, or consign the task to a government-run research institute.

"The object of learning English among the young has turned into getting better scores on the college entrance exam," Park said. "We must scrap the English test for college entrance and allow them to spend more time in learning practical English at school."

If the bill is approved by the legislature, students will be able to sit for the alternative English test at any time, year round.

Park claims that this will boost English communication skills among Koreans and reduce spending on English, which stands at 33 percent of the total 21 trillion won (\$18.3 billion) spent on private education.

The draft bill also calls on the ministry to overhaul the current examination for the selection of English teachers by including an essay writing test and the evaluation of candidates' listening and speaking skills.

Korea has been pushing for the development of a domestic English proficiency test to reduce the country's dependency on foreign tests such as the TOEIC and TOEFL.

The government plans to develop three state-run, Internet-based tests by the end of 2011 to meet the growing demand for English proficiency certification.

The number of the test takers of the four major English tests, namely the TOEFL, TOEIC, TEPS and PELT, has tripled from 779,224 in 1996 to 2,359,590 in 2007.

Korea had more TOEFL test takers (102,340) than any other country in 2005, accounting for 19 percent of the world's total.

However, some say that many obstacles remain for a government-run test to replace the English section of the KSAT.

"To my understanding, the government is also planning to adopt a state English proficiency test after gathering opinions in 2012," Rep. Lee Yoon-sung of the GNP said. "But the test will need to gain public trust first."

(The Korea Times) Defiant Educator Indicted for Negligence

A protracted legal battle is expected over the prosecution's indictment of Kim Sang-gon, the 60-year-old top educator of Gyeonggi Province, for his refusal as instructed by the government to take disciplinary action on 15 unionized teachers for their issuance of an anti-government statement.

In its indictment Friday, prosecutors said that Kim, the superintendent of the Gyeonggi Province Office of Education, refused a direct order to discipline members of the progressive Korean Teachers and Education Workers' Union, who criticized government policy.

Kim's legal tussle comes amid a shift in the country's political atmosphere that is fast turning conservative and stressing law-and-order under the current government.

"Kim was ordered to send the 15 teachers to the disciplinary committee by Nov. 1, following two separate instructions that were sent to him on Oct. 1 and 25 but he refused," the prosecutors said. "It is a clear violation of the pertinent regulations."

The Suwon District Prosecutors' Office, which pressed charges against Kim, argued that legal precedents back its indictment, citing rulings by the Supreme Court that found an Ulsan district office head guilty of his refusal to discipline civil servants who participated in a strike.

"The decision confirmed that Kim's action constitutes an act of deliberate negligence."

However, the top Gyeonggi educator said that it is not a matter of neglecting duties but about the constitutionally-guaranteed right for freedom of expression.

"I put on hold the disciplinary action because I see the teachers' action as part of their inherent right to voice their opinions," Kim said, insisting that it was not the government but the courts that should have the final say.

Through his lawyer, Kim claimed that the negligence charges slapped on him can only be applied when a public servant takes an absence without leave or boycotts his official duties, leading to a disruption to the operation of government affairs or damage to the property of the nation.

"Even in those cases, the law is very selective as seen in the past Supreme Court rulings," he said, explaining his refusal is tentative until the court makes a decision, and that he is therefore doing nothing legally wrong.

Kim's standoff with the prosecutors comes following a series of inconsistent rulings to similar cases.

District courts in Jeonju and Daejeon found the progressive teachers not guilty for their political statements, taking them as acts of free expression, while two other district courts came back with guilty verdicts, saying that the teachers' political activities may have ill effects on students, parents and eventually on the nation.

Kim's court battle is expected to affect his chances in the June 2 local elections, in which he has all but declared his anti-government candidacy.

(The Korea Times) Suicide Among Seniors Citizens Increasing

Three elderly women threw themselves to their deaths in the southern city of Daegu earlier this week. At 1:30 a.m. Thursday, a janitor at an apartment complex found the body of a Shin, 86, who resided on the eighth floor. Two other seniors were found after jumping from their apartments a day earlier.

All three of them had dementia and were despondent about the disease, which is considered the reason for their actions.

Research by the Police Science Institute (PSI) has revealed a soaring suicide rate among senior citizens in Korea. The increase in the number of people over 61 years old who kill themselves has gone up more than five-fold, from 788 in 1989 to 4,029 in 2008.

According to Seoul Survey, the average suicide rate was 49 out of 100,000 in 2008, double the 23 in 2000. Those taking their own life marked seventh in the list of causes of death.

The biggest reason for elderly suicides was illness, followed by financial difficulties, loneliness and family troubles.

"The younger generation commits suicide more impulsively, but the aged do so after much deliberation, so they have a higher possibility of going through with the act," Yoo Ji-woong of the PSI said.

Local senior suicide prevention centers are surging with elderly people seeking counseling for their suicidal urges. "From 30 to as many as 400 seniors visit counselors to talk about this. There

are many aged people who feel suicidal even if they don't have any big problems in their private life," Yoo said.

"Elderly people think of their present problems as larger and more serious as they have less hope of getting better as time goes by, compared to the younger generation," an official of the Seoul Metropolitan Mental Health Center said.

The center said it was important to counsel seniors with suicidal thoughts as early as possible.

"We go out and survey elderly people at local senior centers or churches twice a year to try and find those who are suicidal," the official said.

"We make calls, visit them often and offer psychotherapy for those who are on our watch list. It is important for them to feel someone is caring for them and can prevent the worst from happening."

Jang Young-sik of the Korea Institute for Health and Social Affairs said the reasons for the rise in the number of suicides include increasing stress, financial hardship, copycat suicides following celebrities who kill themselves and psychiatric problems. "The government should step up to prevent senior suicides as social factors affect them in many ways."

(The Korea Times) Japan Learns From Korea How to Resolve Family Disputes

"How are children's opinions reflected when parents divorce? Are there any legal stipulations?"

"After divorce, what does the Korean law says who's responsible for children's education?"

"How does the Korean court intervene to the cases where children are barred from meeting the former parent by the current parent with whom they are living after divorce?"

These were some of the questions a 10-member Japanese delegation of legal experts and law professors asked to their counterparts at the Korean Family Court this week.

Headed by Ninomiya Shuhei, dean of College of Law at Ritsumeikan University, the delegation was here to learn how the Korean court handles various family disputes such as children's education and divorce procedures.

“It’s impressive to know how much the Korean court system is deeply involved in taking care of these complex issues,” Ninomiya told the Hankook Ilbo newspaper. “I think Japan can learn from how South Korea handles these matters.”

The Japanese visitors are also members of the “Family Dispute Resolution Committee,” which was established last year in Japan to brainstorm how Japan’s legal system can better resolve the complex and often emotional family disputes.

Japan

Politico-Strategic Front;

Detailed News:

(The Japan Times) Iran's Larijani pays visit to Nagasaki

NAGASAKI (Kyodo) Iran's parliamentary speaker, Ali Larijani, made his first trip to Nagasaki on Saturday and visited the Nagasaki Atomic Bomb Museum.

Larijani told reporters: "Even a single nuclear bomb can pose a threat to humanity if it exists in this world. People in the world should stand up for a nuclear-free world."

The Iranian parliamentary leader asked the museum's director, Yoshimitsu Taira, how long the impact of the A-bomb's damage lasted, among other questions.

After visiting the museum, he offered flowers together with Nagasaki Mayor Tomihisa Taue at a monument set up at ground zero in a park nearby.

Larijani, Iran's nuclear negotiator from 2005 to 2007, has been in Japan since Tuesday. He held talks with Foreign Minister Katsuya Okada on a range of issues that included Iran's nuclear development.

(The Japan Times) SDP to push overseas relocation for Futenma

The Social Democratic Party will prioritize a plan to move U.S. Marine Corps Air Station Futenma in Okinawa Prefecture entirely out of the country, such as to the U.S. Pacific territory of Guam, party sources said.

The plan is one of three options the SDP, one of the two junior partners in the governing coalition, is considering presenting to a government committee studying the relocation of the Futenma base.

But if the plan proves difficult to implement, the party will push two further proposals, which include accommodating drills and bases domestically.

The SDP is likely to list about 10 domestic locations outside Okinawa as candidate sites, the sources said.

But reservations about listing such sites remain within the party, as local governments that would be asked to accommodate drills and bases are likely to oppose the plans.

An existing relocation plan agreed between Japan and the United States stipulates that Futenma's flight functions will be transferred to a new airfield to be built on the coastal area of the U.S. Marines Corps Camp Schwab in Nago, also in Okinawa.

But Prime Minister Yukio Hatoyama's government is exploring the possibility of finding an alternative relocation site.

The SDP's top option will call for relocating Futenma entirely to either Guam, Tinian in the Northern Mariana Islands, or Saipan. Under the party's No. 2 option, the base would be moved to Guam, but drills would be accommodated domestically, while the third option calls for moving the base and drills elsewhere in Japan, the sources said.

Under the second and third proposals, the Futenma base would be closed down, but would still be used in emergencies. The use of domestic locations would also be limited for up to between five and 15 years, with the aim of moving all facilities out of the country eventually.

SDP policy chief Tomoko Abe, who serves as a committee member, is expected to present the party's proposals to the panel, which is chaired by Chief Cabinet Secretary Hirofumi Hirano.

The ruling coalition's other junior partner, Kokumin Shinto (People's New Party), is considering presenting two plans of its own to the panel, one of which would call for building a new airfield at Camp Schwab without resorting to sea reclamation.

The U.S., meanwhile, has described the current relocation plan as the best scenario. The government has pledged to come to a final conclusion on the relocation by the end of May.

(The Straits Times) US won't be 'dictatorial'

WASHINGTON - A SENIOR US official pledged on Wednesday to hear out complaints from Japan in a row over a military base but insisted that the current plan was the best option.

Japanese Prime Minister Yukio Hatoyama, whose left-leaning coalition won a landmark election victory last year, has launched a review of a deal on Futenma airbase, a longtime source of grievance on the southern island of Okinawa.

Mr Kurt Campbell, the assistant secretary of state for Asia, said that the United States understood the need for new governments to revisit predecessors' policies.

'It is incumbent on us as a partner to work with them on that process - not to be dictatorial, but to act as a partner, to listen and to consult,' Mr Campbell testified before the House Foreign Affairs Committee. 'We've made very clear to the central government that we still believe that the current plan that was negotiated several years ago is the best way forward,' he said.

'At the same time, we remain open to other suggestions and ideas,' he said, while adding that the two countries has already reviewed and rejected alternatives in the past.

James Steinberg, the deputy secretary of state, and Jeffrey Bader, President Barack Obama's top Asia adviser, were due on Thursday in Tokyo for talks on issues including the base row.

(The Japan Times) Japan ready to help if Santiago asks: Hatoyama

Prime Minister Yukio Hatoyama told government offices Sunday to prepare to launch reconstruction missions in response to Saturday's massive earthquake in Chile.

"Though we have received requests (from Chile) that countries refrain from sending missions, I want to get ready to (dispatch help) anytime if necessary, especially regarding reconstruction assistance, and I issued instructions to that end," Hatoyama told reporters.

Foreign Minister Katsuya Okada said the same day that two Japan International Cooperation Agency officials will leave for Chile by the end of the day to assess the need for emergency and longer-term assistance to the country.

But he said no rescue or medical teams will be dispatched because the Chilean president and foreign minister have asked countries to refrain from sending help until Santiago can assess the situation.

Japan is considering providing financial and logistical assistance once it receives a concrete request from Chile, Okada said.

Twenty of the 38 Japanese registered as living in Concepcion, a city of 670,000 people near the epicenter of the magnitude 8.8 quake, have been confirmed safe, Hatoyama said.

Two envoys from the Japanese Embassy and a member of the Japan International Cooperation Agency in Chile are on their way to the stricken area to gather information, the Foreign Ministry said.

On Saturday, Hatoyama conveyed his condolences to Chilean President Michelle Bachelet and said Tokyo is ready to provide assistance, the ministry said Sunday.

(The Japan Times) Six-way denuclearization talks could resume by April, Yonhap says

SEOUL (Kyodo) The stalled multilateral talks on denuclearizing North Korea could resume by April, a South Korean official was quoted as saying during a visit to the United States, Yonhap News Agency said Sunday.

According to the report, the official, who was not identified, made the remarks Saturday in a meeting with South Korean reporters in Washington.

This is the first time a high-ranking South Korean official has made a specific prediction on when the six-way talks involving the two Koreas, Japan, China, the United States and Russia will likely reconvene.

The South Korean official was quoted by Yonhap as saying North Korea has been holding talks in various quarters about coming back to the table, and Washington has analyzed the situation similarly.

The U.S. has indicated its willingness to agree to another round of direct talks between Washington and Pyongyang if they are to be conducted under the six-way framework, and provided that Pyongyang offers a clear assurance about when it will come back to the six-way parley, the official said.

The official added that China, which presides over the six-way talks, is also working to coordinate matters to make possible the early return of Pyongyang to debate with the other five countries.

North Korea has boycotted the six-way talks since early last year due to sanctions imposed on it by the United Nations for conducting nuclear and missile tests.

Pyongyang has said it will return on condition talks be held on a peace treaty to replace the armistice that ended the 1950-1953 Korean War.

(Star online) You're late! Tardy ministers delay Japan budget debate

TOKYO (Reuters) - Forget funding scandals or budget and foreign policy rifts: The big fuss in Japan's parliament on Wednesday was over three cabinet ministers turning up late for debate.

The upper house budget committee meeting had been scheduled to begin at 8:50 a.m. but had to be delayed until the three showed up, leading to an uproar from the opposition and a short recess.

When the trio -- internal affairs minister Kazuhiro Haraguchi, transport minister Seiji Maehara and national strategy minister Yoshito Sengoku -- arrived, they bowed before the committee and apologised.

Haraguchi, who media say was tweeting about his goal to promote nationwide broadband access at 8:52 a.m. when he should have been sitting in parliament, blamed his assistants for the error.

"I was following my schedule, like this," he said, pulling out a crumpled sheet of paper for reporters and TV cameras and pointing at the 9 a.m. entry.

"It said nine o'clock, so that's when I came."

All three were later warned by Chief Cabinet Secretary Hirofumi Hirano to watch their punctuality, and Prime Minister Yukio Hatoyama described the incident as "outrageous".

But all's well that ends well: the three were in their seats for the afternoon session by 12:54 -- a full six minutes before the committee reconvened.

"Even if it is an administrative error, in the end it is the minister's mistake," Haraguchi said.

(The star online) Japan crown prince looks ahead to Africa trip

TOKYO (AP): Japan's Crown Prince Naruhito said Wednesday he hopes his upcoming trip to Ghana and Kenya will deepen ties between Japan and the African nations as well as his understanding of problems facing the continent.

Naruhito, heir to the world's oldest hereditary monarchy, won't be making the March 6-15 trip with Princess Masako, who withdrew from most of her official duties several years ago because of a nervous disorder attributed to difficulties adjusting to palace life and the pressure to bear a son to continue the imperial line.

In Ghana, the crown prince plans to attend a medical symposium held in honor of Hideyo Noguchi, a Japanese doctor who died in Accra, the Ghanaian capital, in 1928 while researching a cure for yellow fever.

Noguchi's face appears on the Japanese 1,000 yen bill.

This will be Naruhito's first trip to sub-Saharan Africa. Overseas trips by members of the imperial family are one of their important duties, which under the post-World War II constitution are largely ceremonial.

"I'd be happy if this trip can strengthen the friendly ties between Japan and Africa even a little bit," he told reporters during a rare and carefully orchestrated news conference at the Akasaka Palace in central Tokyo.

Naruhito, 50, said he hopes to experience some of Kenya's "magnificent nature" and learn more about the difficulties of gaining access to clean water. He has a special interest in water because he is honorary president of U.N. Secretary-General's Advisory Board on Water and Sanitation.

"I have heard that both countries are held up as success stories in dealing with water issues, so I hope to learn from people involved and see further development on the water issues," he said.

He said both he and Masako were disappointed that she won't be joining him.

"In consulting with doctors, it was decided that I would go alone," he said.

Masako is appearing a bit more in public recently after rarely emerging from the palace for several years. Her last official trip abroad was December 2002 when the royal couple visited Australia and New Zealand.

Many speculate Masako had felt stress from the pressure to produce a male heir. Under a post-World War II law, only males are allowed to assume the Chrysanthemum Throne.

After suffering a miscarriage in 1999, Masako had a daughter, Aiko, in 2001. That fanned a movement to change the law to allow the girl to succeed her father.

But the succession crisis was forestalled when Princess Kiko, the wife of Naruhito's younger brother, Prince Akishino, had a baby boy in 2006. The boy, Hisahito, is now third in line to the throne.

Marine base will remain in Okinawa: vice minister

Bloomberg

The government will keep a U.S. Marine base on Okinawa, meeting the U.S. demands, even if that means alienating a coalition partner and local residents, a vice defense minister has said.

Okinawans, many of whom want the base moved out of the prefecture, will be offered "compensation" in return for accepting the government's decision, Akihisa Nagashima, said

Tuesday, without elaborating. His remarks are the most definitive by a member of the government indicating Japan will keep the Futenma air station in Okinawa.

Prime Minister Yukio Hatoyama has set a May deadline for settling a dispute that has overshadowed the 50th anniversary of the U.S.-Japan security treaty. Almost 50,000 U.S. service members are stationed in Japan, more than half of those in Okinawa.

Any solution "must be operationally doable to the U.S.," said Nagashima. In regard to the coalition, "the question is whether we get a divorce and go our separate ways, or find a political compromise," he said.

President Barack Obama has pushed Japan to honor a 2006 agreement signed by a previous government to move the Futenma base within Okinawa despite complaints from residents about pollution, crime and noise.

Hatoyama's Democratic Party of Japan campaigned on scrapping the accord, part of a \$10.3 billion plan that would also relocate 8,000 marines to Guam.

The Social Democratic Party has threatened to quit the coalition unless the base is moved out of Okinawa. Nagashima said the government's minority partner, which has 12 seats in the Diet, must be realistic.

Asked whether that meant the SDP would have to accept this solution, Nagashima said: "Right."

Nagashima, one of two parliamentary vice defense ministers, is a former senior fellow on the Council of Foreign Relations and obtained a master's degree at the John Hopkins University School of Advanced International Studies. First elected to the Lower House in 2003, he is the author of a book on the U.S.-Japan security alliance.

He cited that treaty as the primary reason for keeping the base in Okinawa, saying "the Futenma issue could affect the core of Japan-U.S. relations. The center of the alliance is military cooperation," Nagashima said.

Futenma relocation off White Beach proposed; Plan would fill in sea near U.S. Navy Okinawa site

Kyodo News

The continuing tussle over Okinawa's Futenma air base took yet another twist as Japanese and U.S. sources said Thursday a new plan has been aired to put it on a filled-in sea area between a U.S. Navy facility at White Beach in Uruma and nearby Tsuken Island.

The new plan comes on top of another pushing construction of a heliport at U.S. Marine Corps Camp Schwab in Nago to relocate Futenma's flight operations from the densely populated city of Ginowan.

Prime Minister Yukio Hatoyama said the same day his administration will make a decision on Futenma's relocation by the end of this month so the issue can be settled with Washington by the end of May, as earlier pledged.

"It's already March. If the decision cannot be made by the end of March, we may end up being short on time," Hatoyama told reporters. "We must come up with a government plan at some point during March."

Japan and the United States have already signed a plan that calls for moving Futenma to a new airfield to be built on a coastal area of Camp Schwab called Henoko. The plan is part of the 2006 Japan-U.S. agreement on realigning U.S. forces in Japan.

Chief Cabinet Secretary Hirofumi Hirano conveyed Tokyo's latest idea to U.S. Ambassador John Roos at a hotel in Tokyo Tuesday, the sources said, quoting him as saying the previous plan "has become politically difficult to implement."

Defense Minister Toshimi Kitazawa was also present at the meeting.

Roos called on Japan to settle the matter by revising the existing plan, but said he plans to fly to the United States this weekend to consult with the White House, and the Defense and State departments on the matter, the sources said.

During the meeting, the ambassador indicated he believes the existing plan is the best option, Hirano said at a news conference Thursday. He also said he told Roos a government panel is considering the matter and aims to reach a conclusion by the end of May.

Prime Minister Yukio Hatoyama has promised the United States that it will meet the May deadline, but with Washington showing reservations about changing the Henoko relocation site, it is unclear whether that will happen.

Hatoyama acknowledged Hirano and Roos met but said the chief Cabinet secretary made no proposal about a concrete relocation site to Roos.

"It's a fact that Secretary Hirano met with Ambassador Roos, but the Japanese government has made no proposal," he told reporters.

The Hatoyama government, which took power in September after the Democratic Party of Japan's historic election win last summer, has undertaken a "zero-base review" of Futenma's relocation site in light of growing local calls for the base to be moved outside the prefecture.

Okinawa hosts the bulk of the U.S. military's facilities in Japan.

In January, a Nago mayoral candidate opposed to hosting Futenma in the Henoko district defeated the incumbent, and took office in February. The prefectural assembly then adopted a unanimous statement calling on the central government to move it outside the prefecture.

These developments have put more pressure on Tokyo to come around to the view that the existing plan signed with the U.S. is not viable, the sources said.

The Henoko plan revolves around an idea of building either a 500-meter-long heliport or a runway longer than about 1,500 meters on landfill adjacent to Camp Schwab, sources said.

It may now add a plan to reclaim the sea between White Beach and Tsuken.

But this option would require the reclamation of a publicly owned water surface similar to the existing plan and would be hard to sell to the prefecture, whose governor has jurisdiction over such projects.

Hirano surveyed Tsuken and its surroundings from the air when he visited Okinawa on Feb. 19 and 20, the sources said, and the government is believed to be considering other options.

These might involve relocating Futenma to Ie Island off the north side of Okinawa Island, or to Tokuno Island in the northeast, between Okinawa and Amami-Oshima Island in Kagoshima Prefecture. Another option might be to transfer Futenma's functions to the U.S. Air Force's Kadena Air Base in the city of Okinawa.

These plans were spurned by the U.S. in past negotiations.

'63 huddle linked to secret nuke pact

Kyodo News

A Foreign Ministry-led panel has found that a secret meeting between Japanese and U.S. officials in 1963 led to the establishment of a secret bilateral pact under which Tokyo allowed U.S.-nuclear armed vessels into Japanese territory, according to ministry and panel sources.

A document that served as the basis for the secret pact was signed by the two countries in 1960, although a revised Japan-U.S. security treaty signed that year set up a system requiring Washington to consult with Tokyo before the "introduction" of nuclear weapons into Japan.

According to the investigation by the panel of experts, in April 1963, then U.S. Ambassador to Japan Edwin O. Reischauer told then Foreign Minister Masayoshi Ohira that the United States interpreted "introduction" as not including cases in which U.S. military vessels carrying nuclear weapons passed or made port calls in Japanese territory.

The panel also believes it is highly probable that, at the time the bilateral security treaty was revised, Japanese officials in charge of the negotiations intentionally avoided confirming what "introduction" actually meant, although they were aware of the U.S. interpretation.

The panel plans to release a report early next week on its investigation into four secret agreements reached by Japan and the U.S., including the 1960 nuclear pact.

On the 1960 pact, the report is expected to highlight how "tacit approval" eventually became established as a secret pact recognized by the two countries.

The panel's report is expected to shed light on the pact.

Despite the panel's research, the actual text of the secret document signed on Jan. 6, 1960, was not found. But a draft text compiled shortly before the signing was discovered.

Japan, U.S., Australia may aid Micronesia ocean surveillance

Japan, Australia and the United States plan, possibly with coast guard elements, to jointly support Micronesian nations' efforts to boost their marine surveillance to combat poaching, pollution and other problems, participants said Tuesday at a Tokyo meeting.

Palau, the Marshall Islands and the Federated States of Micronesia have been troubled with such issues but have not been able to bolster their sea patrol capacity due to lack of funds and equipment.

The support proposed at Tuesday's meeting would include small vessels, advanced communications equipment and the creation of a regional coordination center for the three island nations to enhance mutual operations.

The role Tokyo and the Japan Coast Guard may play in the effort have yet to be decided, but it could be the first time the JCG monitors a large expanse of the Western Pacific, instead of just the Northwest Pacific as at present, according to Jiro Hanyu, chairman of the Sasakawa Peace Foundation who was among the organizers of the meeting.

"It is a good framework where the (coast guards of) Japan, the U.S. and Australia along with the Micronesian nations communicate with each other in this area," he said.

The six nations plan to continue discussions with the goal of working out an operational plan by fall that can be put into practice in April 2011.

"(This initiative) is going to enhance our capacity to ensure that the illegal activities going on in our exclusive economic zone as well as our territorial 12-mile zone will be alleviated," said

Francis Itimai, transportation, communications and infrastructure minister of the Federated States of Micronesia.

The three island nations' EEZs encompass more than 5.5 million square km, collectively the third-largest in the world, and ensuring their security, particularly in connection with that of nearby Guam, and the safety of the sea routes through them are vital tasks and in Japan's interest.

(The Japan Times) SDP not done talking about Futenma move

Kyodo News

The government will hold a committee meeting Monday to review the planned relocation of U.S. Marine Corps Air Station Futenma in Okinawa, with panel members presenting their alternative relocation ideas, a high-ranking government official said Friday.

Chief Cabinet Secretary Hirofumi Hirano had considered terminating consultations under the framework involving representatives of the three ruling parties, but he has decided to convene the panel he chairs at the strong request of the Social Democratic Party, the official said, speaking on condition of anonymity.

The SDP and Kokumin Shinto (People's New Party), the two junior coalition partners in the Democratic Party of Japan-led government, will present their plans for the relocation of the Futenma base now in Ginowan.

Once their plans are submitted, the government will begin internal coordination to come up with a plan by the end of this month, the deadline set by Prime Minister Yukio Hatoyama on Thursday.

Hatoyama has pledged to settle the Futenma relocation issue by the end of May.

The current plan agreed between Japan and the United States envisions moving Futenma's flight operations to a new facility to be built on a coastal area of Camp Schwab in Nago, also in Okinawa.

"The deadline for the settlement is the end of May," Hirano said Friday. "We must come up with a basic plan by the end of March, given the (need for) negotiations with the United States."

He also suggested the government will hold consultations with local governments in Okinawa in parallel with negotiating with Washington.

Meanwhile, SDP chief Mizuho Fukushima, whose party has called for moving Futenma outside the prefecture, preferably to Guam, and has threatened to exit the ruling bloc if the base stays in Okinawa, cautioned against rushing to a conclusion.

"What is (important) is not the time limit (for coming up with a relocation plan) but its content," she said.

Group hopes U.S. ad raises awareness of Futenma

Staff writer

Concerned about the lack of information in the U.S. regarding the relocation of a marine base in Okinawa, a network of Japanese and U.S. citizens and nongovernmental groups announced Wednesday plans to take out a full-page ad on the controversial issue in a major U.S. newspaper.

Established Wednesday by various academics, journalists and NGO members, the Japan-U.S. Citizens for Okinawa (JUCO) network is allied with organizations in the U.S. including the Cato Institute, the Institute for Policy Studies and the Center for Biological Diversity.

According to the organizers, the network is aiming to raise ¥6 million to place a full-page ad in a major U.S. newspaper by the end of March, before the Japanese government finalizes its decision on the relocation site for U.S. Marine Corps Air Station Futenma.

The members are now considering several newspapers to decide which would have the biggest impact on U.S. citizens.

"One of the reasons why (the Futenma relocation issue) is not moving forward is because it is an issue unknown to most U.S. citizens and politicians," said Jun Hoshikawa, the executive director

of Greenpeace Japan. "This is a common problem among both Japanese and U.S. people and we decided to join hands and form a network to bridge Japan and the U.S."

Rose Welsch, a Tokyo resident and representative of U.S. for Okinawa, a peace action network made up of foreign and Japanese nationals residing in Japan, said most Americans are unaware of the Futenma issue and contends it is not their will to build more military facilities in Okinawa.

"But when U.S. citizens do have the chance to learn about what's going on, we are appalled, absolutely appalled," Welsch said. "And the more we learn the truth, the more strongly we start to feel we don't want our government to operate an enormous, dangerous base in the middle of a densely populated city, which is something that would never be allowed in our own country."

Under the original agreement between Japan and the U.S., the Futenma aircraft operations were to be moved to Camp Schwab in the Henoko district of Nago, in the northern part of Okinawa Island.

But World Wide Fund for Nature Japan's Shinichi Hanawa said international attention has now focused on preserving the biodiversity of Oura Bay near Henoko. Hanawa added that the United Nations has declared 2010 the International Year of Biodiversity and that Nagoya is to host the 10th Conference of the Parties in October.

(The Japan Times) Okada, Steinberg discuss Iran nukes

Visiting U.S. Deputy Secretary of State James Steinberg said in Tokyo Friday that he and Foreign Minister Katsuya Okada are discussing how to coordinate more closely on the nuclear challenges of Iran.

But on the hot-button issue of moving U.S. Marine Corps Air Station Futenma, Steinberg only said the two countries were working hard to resolve it.

"We talked about the full range of our bilateral issues and it's something that both sides are working on very productively," Steinberg told reporters, referring to Futenma. "I am grateful for the continued support and engagement of the foreign minister and all of the Japanese government on this issue."

The senior U.S. official said he and Okada took "extended time" to discuss the Iranian nuclear issue.

Last month, Okada urged Iranian parliament speaker Ali Larijani in Tokyo to comply with the demands of the International Atomic Energy Agency and the United Nations Security Council to stop enriching uranium and prove to the international community that it has no intentions of manufacturing nuclear weapons. Okada also told Larijani that if the UNSC adopts a resolution against Iran, Japan would have to follow.

Steinberg welcomed Japan's statements to Iran.

"I think Iran needs to understand that it has a fundamental choice in front of us," Steinberg said. "The international community now expects Iran to take unequivocal steps to come into compliance with its international obligations or . . . there will clearly be consequences."

Meanwhile, Okada and Steinberg are believed to have discussed the air base issue because Japan is trying to come up with a new site so the facility can be moved out the densely populated Okinawa city of Ginowan.

Prime Minister Yukio Hatoyama said Thursday the government will make a decision on the relocation by the end of this month so the issue can be settled with Washington by the end of May as pledged.

Instead of sticking to a 2006 agreement signed with the U.S. and moving the base and its aircraft operations to the Henoko coastal area of Camp Schwab by 2014, Hatoyama's government has been looking at alternative sites.

The government is reportedly considering moving the base more inland at Camp Schwab or moving it to a filled-in sea area between a U.S. Navy facility at White Beach in Uruma and nearby Tsuken Island.

But the U.S. government has repeatedly stressed that the Henoko plan is the best option, pointing out that it took years of discussions to reach the 2006 accord.

Although Japanese-U.S. relations have been strained over the Futenma relocation issue, Steinberg stressed that bilateral ties were strong and the two countries have been working closely on a broad range of topics, from economic growth and climate change to the nuclear challenges of Pyongyang and Iran and building peace and stability in Afghanistan and Pakistan.

"The partnership between the United States and Japan is very strong and I am grateful for the opportunity to exchange views with the foreign minister and to continue our very close cooperation on all of these issues," Steinberg said.

Economic Frontage;

Detailed News:

(The Japan Times) Toyota to give next damage-control speech in China

The Associated Press

Toyota President Akio Toyoda will speak Monday in Beijing about the company's quality woes, the carmaker said Sunday in an effort to reassure the world's biggest auto market.

Toyoda, who testified at a U.S. congressional hearing last week about the spate of global recalls plaguing Toyota Motor Corp., will speak to reporters at a Beijing hotel, company spokeswoman Ririko Takeuchi said.

The number of vehicles being recalled in China is small compared with the 8.5 million vehicles recalled worldwide since October for sticky gas pedals, faulty floor mats and glitches in braking software.

But China is where Toyota has ambitious plans for growth, and where it has been scoring success after entering the market later than rivals, including Volkswagen AG of Germany.

In China, Toyota announced a recall of 75,552 RAV4 sport utility vehicles in late January due to the gas pedal problem.

Toyota has said its plans to expand in the Chinese market are unchanged, with its sales there expected to rise to 800,000 vehicles this year, up from 709,000 in 2009.

China's overall vehicle sales soared 45 percent last year to 13.6 million, overtaking the United States as the world's biggest auto market.

The bulk of the recalls are in the U.S., where doubts are growing about Toyota's longtime reputation for top quality and where Toyoda visited last week. He answered questions from lawmakers, met with dealers and went to Toyota's largest North American assembly plant, in Kentucky.

A U.S. Senate committee has slated another Toyota hearing Tuesday, but Toyoda, the grandson of the firm's founder, is not scheduled to appear.

Separately, transport minister Seiji Maehara expressed dissatisfaction during a nationwide news show Sunday with Toyota's "corporate culture," which he said reflected a reluctance to be forthright on recalls. "The company is not taking the problem as seriously as it should," he said.

(The Japan Times) Plan eyed to ease farm tariffs to promote FTAs

Kyodo News

The government may cut agricultural tariffs to promote free-trade agreements and reduce corporate taxes to make Japan more competitive and enticing for foreign investment, a draft report says.

The report, released Saturday, maps out a broader strategy for growth through 2020 and proposes a system to let power utilities buy surplus electricity generated by households and businesses through technologies that promote renewable energy, such as solar power.

Prime Minister Yukio Hatoyama's government is aiming to achieve economic growth of 3 percent in nominal terms through 2020 by boosting demand in the environmental, health and tourism sectors. It is also shooting to create 4.76 million jobs under a growth policy approved by the Cabinet in December.

Under the plan, the government aims to launch a new farm subsidy program in fiscal 2010 as a "safety net for trade liberalization" and reduce tariffs on farm products to smooth the way for free-trade talks with Japan's trading partners.

Japan is lagging South Korea and Europe on FTAs because it fears retaliation from domestic agricultural groups that could be hurt by tariff cuts.

Political observers say opinion is still divided on the issue, even within Hatoyama's Democratic Party of Japan, and that government coordination with business groups is unlikely to go smoothly ahead of the Upper House election.

(The Straits Times) Japan US\$1t budget cleared

TOKYO - JAPAN'S lower house on Tuesday passed a record trillion-dollar budget for fiscal 2010, adding to the country's bulging public debt burden as Tokyo tries to stimulate a sluggish economic recovery.

The 92.3 trillion yen (S\$1.41 trillion) budget includes new child-care allowances, free public high school tuition and other measures promised by the centre-left government that took power in September.

To finance the budget, the government will issue new bonds worth a record 44.3 trillion yen, adding to Japan's huge public debt burden.

The Organisation for Economic Cooperation and Development has warned that the public debt, bloated by repeat bouts of stimulus spending, will soar to double the country's gross domestic product by 2011.

The conservative opposition, which was ousted last year after more than half a century of nearly unbroken rule, slammed the budget as a massive handout ahead of upper house elections slated for July.

Japan, the world's number two economy, last year emerged from its worst post-war recession, growing in the second and third quarters due to government stimulus measures and rebounding exports, mostly to China.

The budget bill will be sent for deliberation to the upper house, where the ruling coalition has a majority. However, even if the upper house rejects the budget, it will be enacted automatically within 30 days.

(The Straits Times) Japan's capital spending down

TOKYO - JAPANESE manufacturers cut spending on plants and equipment by more than a third in the three months to December, data showed on Thursday, in a setback for the recovering economy.

Capital expenditure by makers of cars, electronics and other goods fell 34.5 per cent year on year in the fiscal third quarter, although that was better than the 40.7 per cent cut in the previous quarter, the finance ministry said.

The 'somewhat weak' figures mean 'it's likely that the revised fourth quarter GDP data may be revised downward again,' Hiroshi Watanabe, economist at Daiwa Institute of Research, told Dow Jones Newswires.

Preliminary data released last month showed that Japan's gross domestic product grew 1.1 per cent in October-December from the previous quarter, and at an annualised pace of 4.6 per cent. The Cabinet Office plans to release revised GDP data on March 11.

The finance ministry also said that overall capital spending, including by non-manufacturers, fell 17.3 per cent in the third quarter of fiscal 2009, after a drop of 24.8 per cent in the previous quarter.

However, there were signs of recovery as firms put cash into maintaining factories that make electronics, automobiles and chemicals to meet surging Asian orders, the data showed. The quarterly survey also showed that combined recurring profits for all industries were up 102.2 per cent on year, reversing a year-on-year fall of 32.4 per cent in the July-September period.

(The Straits Times) Toyota to visit China

Carmaker seeking to restore reputation, ease consumer fear in biggest vehicle market in world

TOKYO - FRESH from a grilling by US lawmakers, Toyota president Akio Toyoda will speak today in China about his company's quality problems, seeking to boost confidence and ease consumer worries in the world's biggest car market.

Mr Toyoda will brief the media at 6pm in Beijing with the aim of explaining to the public its recent quality issues, said Mr Hitoshi Yokoyama, a spokesman for a China unit of Toyota.

The Wall Street Journal, citing a Toyota executive who wished to remain anonymous, said Mr Toyoda is also likely to meet Chinese government officials.

The briefing will follow Mr Toyoda's appearance last week in Washington, where he was grilled by lawmakers for a series of recalls that has tarnished the carmaker's brand and reputation for quality.

Toyota has recalled more than 8 million cars globally for unintended acceleration and braking problems, in a widening safety crisis that broke about a month ago. Most of the recalls are in the United States.

In China, the company announced a recall of 75,552 RAV4 sport utility vehicles in January due to an accelerator problem.

(The Japan Times) China hears Toyota recall apology, quality vow

BEIJING (Kyodo) Toyota Motor Corp. President Akio Toyoda faced reporters Monday evening in Beijing to speak about his company's global auto recall woes in an effort to dispel quality concerns in the world's largest car market.

"I apologize to you from the bottom of my heart for causing concern and trouble in connection with Toyota's recalls around the world, including in China," he said at the outset of the press conference, vowing the carmaker will make utmost efforts to prevent similar problems and will appoint a chief quality officer for the Chinese market to that end.

He said he visited China right after his U.S. congressional testimony last week "because I wanted to explain (about the recalls) directly to the Chinese people."

The visit shows how seriously the Japanese automaker sees the Chinese market as a source of growth in the future, auto analysts said earlier.

The number of cars being recalled in China is small compared with more than 8 million Toyota vehicles recalled globally since last autumn.

Toyota told China in late January it will recall about 75,000 of its RAV4 sport utility vehicles produced and sold in China, due to potentially defective accelerator pedals.

"If Toyota can take active and suitable measures in China on time, it won't face the same big challenges as it is facing in the U.S. because Chinese consumers are more sensitive to the pricing, not the brand image," Zhang Xin, an analyst at Guotai Junan Securities Co., was quoted as saying by the China Daily in its Monday edition.

Toyota's global sales totaled 6.98 million units in 2009, down 13 percent from a year earlier. Of the total, more than 3.1 million units were sold in Japan and the United States.

But sales grew 21 percent in China to 709,000 units last year. It expects sales in the fast-growing economy to top 800,000 units this year.

Toyoda arrived in Beijing Saturday night from the United States, where he met employees of a Toyota sales subsidiary Friday in California and visited an assembly plant Thursday in Kentucky after attending a hearing at a U.S. House of Representatives committee.

At the Feb. 24 congressional hearing, Toyoda apologized for the global recalls of Toyota vehicles and denied any intention to cover up defects. He said the carmaker's pursuit of rapid growth may have led to the quality problem.

Jia Xinguang, an independent auto industry analyst in Beijing, made the same point, saying Toyota's quality problem "should be attributed to its excessive and sharp expansion in recent years."

"And the excessive cost saving in the supply chain must have led to the lack of quality supervision and inspection," Jia was quoted as saying by the China Daily. "Chinese automakers should learn from Toyota's current crisis when they go about ambitiously expanding."

In 2009, China overtook the United States as the world's largest automotive market, with sales of new automobiles up 46 percent from a year earlier to 13.64 million units.

(The Straits Times) Kan calls for end to deflation

TOKYO - JAPAN'S Finance Minister Naoto Kan said on Monday he wants the country to beat deflation by the end of the year, setting an earlier deadline than the central bank's own forecast.

'Two or three years is too long' before the country beats deflation, he told parliament. 'If possible, I hope the consumer price index (CPI) turns positive by the end of this year,' he added.

Mr Kan's comments highlight increasing government pressure on the Bank of Japan to fight falling prices and keep the economy ticking.

The central bank forecast that Japan would see three years of deflation as it claws its way back from its worst slump in decades, but has said that the price falls might be less severe than previously thought. Japan was stuck in a deflationary spiral for years after its asset price bubble burst in the early 1990s, hitting corporate earnings and prompting consumers to put off purchases in the hope of further price drops.

The country has been stuck in deflationary doldrums since March 2009 following the global economic downturn and a slump in commodity prices. The BoJ said in December it was a 'critical challenge' for the world's number two economy to overcome deflation, which raises the threat of companies slashing jobs and deferring capital investment that generates growth.

It has kept interest rates at 0.1 per cent since Dec 2008 but has expressed the desire to soon withdraw other extraordinary measures including low-cost loans to banks to keep credit flowing. Consumer prices fell 1.3 per cent in January year-on-year, the eleventh straight month of decline. Last August, prices dropped by a record low of 2.4 per cent.

(The Straits Times) Mitsubishi, Peugeot scrap talks

TOKYO - JAPAN'S Mitsubishi Motors and PSA Peugeot Citroen of France on Wednesday pledged to keep working together but said a capital tie up between them was 'not appropriate' at the moment.

PSA chief Philippe Varin and Mitsubishi Motors president Osamu Masuko had met Tuesday at the Geneva Motor Show, they said.

'They confirmed the intent to broaden the current successful cooperation of the two companies,' a joint statement said. But they had also concluded that a capital alliance 'was not appropriate in the current circumstances.'

The companies in December confirmed they had discussed strengthening ties and a possible capital tie-up after Japanese media reported Peugeot was planning to buy a 30 to 50 per cent stake in the struggling company.

Analysts then said a deal would give Peugeot access to the advanced electric car systems of Mitsubishi, maker of the i-MiEV city car, and open Mitsubishi's sales networks in emerging Asian markets and the United States.

A deal would have created the world's sixth-largest auto alliance. However, the French business newspaper Les Echos reported in January that the talks were stuck on disagreement over

valuation of the two groups because Mitsubishi carried a higher stock market valuation than PSA.

(The Japan Times) JAL urging 2,700 to retire early

Kyodo News

Japan Airlines Corp. said Monday it is looking to sign up around 2,700 employees for an early retirement program as it aims to turn itself around in a major restructuring overseen by the state.

The target is the largest ever for the company's early retirement program. The application process will start Friday.

Japan's biggest airline, which filed for bankruptcy protection on Jan. 19, eventually plans to cut around 15,700 jobs, or about 30 percent of its group workforce, by the business year through March 2013.

The early retirement program will be open to about 400 department chief-level employees among ground and cabin crew, excluding pilots.

Applications will be accepted through March 24 and they will be asked to leave on April 30 with higher retirement allowances, the company said.

(The Straits Times) Toyota's Japan sales up 48%

TOKYO -TOYOTA'S sales in Japan rose 48 per cent year-on-year in February, an industry group said on Monday, as the carmaker displayed resilience at home despite its massive global safety recalls.

Toyota delivered 146,145 cars, trucks and buses last month, the Japan Automobile Dealers' Association said. The carmaker sold 3,373 units of its luxury Lexus brand, up 257 per cent from the same period last year, the group said.

The surge was part of a broader rise in the domestic industry from a year ago when demand was hit by a deep recession. Sales in the sector rose 35 per cent year-on-year to 294,887 units in February, Jada said.

Rivals Honda and Nissan also recorded strong figures. Sales of Japan's second largest carmaker Honda grew 36 per cent to 41,009 units and Nissan's were up 18 per cent to 47,948, Jada said.

Government stimulus measures launched to boost the economy out of its worst post-war recession contributed to the rise, a Jada official said, adding that the trend will likely continue until the incentives end in September.

Toyota's domestic sales success came despite its global recall crisis that has seen it pull some 8.7 million vehicles worldwide and forced it to suspend the sale of eight models in the US including the popular Camry. Toyota is on Tuesday due to release its February data for the United States, its biggest overseas market, where sales fell 8.7 per cent in January.

(The Japan Times) Ehime reactor second to start MOX operation

Plant gets quake OK; radioactive leak, probe delayed 'pluthermal' test

MATSUYAMA, Ehime Pref. (Kyodo) A nuclear reactor in Ehime Prefecture was activated Monday for the country's second "pluthermal" power generation operation using plutonium-uranium mixed oxide fuel.

Shikoku Electric Power Co. activated the No. 3 reactor at the Ikata power plant in the process to start a self-sustaining chain reaction, which was expected to occur Tuesday, setting the stage for the start of power generation with the MOX fuel Thursday.

The facility will enter the commercial operation phase March 30, following the completion of regular checkups if it passes final government-mandated inspections after boosting its power output.

The pluthermal plan at the Ikata plant has been delayed for nearly a week because of a minor radioactive leak and a subsequent investigation.

Shikoku Electric applied to conduct pluthermal power generation in 2004 and obtained government approval in 2006. The central and local governments approved the reactor's quake-resistant capabilities in January, paving the way for the pluthermal run.

Pluthermal, or plutonium-thermal, power generation is regarded as a pillar of Japan's nuclear energy policy. The first such operation commenced at the Genkai nuclear plant in Saga Prefecture last November after a delay caused by coverups of reactor problems at various nuclear plants and opposition from local governments and residents.

Chubu Electric Power Co. in Nagoya and Kansai Electric Power Co. in Osaka are planning to start pluthermal operations during fiscal 2010, which starts April 1.

(The Straits Times) Toyota offers workers \$350m

WASHINGTON - TOYOTA is offering US\$250 million (S\$350 million) to support workers at a California plant slated for closure, the US unit of the Japanese automaker said on Wednesday.

Toyota Motor North America said it had pledged 250 million dollars to New United Motor Manufacturing (NUMMI) to 'fund transition support' for staff.

NUMMI is a joint venture with General Motors where car production is set to end on April 1, after nearly 25 year in production. GM pulled the plug on the venture last June after the largest US automaker emerged from a government-supported bankruptcy reorganisation.

'Toyota's financial support is enabling NUMMI to offer bonuses to salaried and hourly team members who continue to produce quality vehicles for Toyota through April 1, 2010, when Toyota's production contract with NUMMI will end,' the company said.

The embattled world's largest automaker, facing criticism over production defects that have forced the recall of nearly nine million vehicles, said the funding was subject to ongoing negotiations between NUMMI and the United Auto Workers union.

The UAW represents some workers at the Fremont, California-based facility. Toyota announced in August it would end its production contract with NUMMI for Corolla cars and Tacoma pickup trucks on March 31 and shift production of the vehicles to Toyota wholly owned facilities.

Toyota, Honda lead seventh straight monthly rise in vehicle sales

Bloomberg

Toyota Motor Corp. and Honda Motor Co., Japan's two biggest automakers, led the seventh straight increase in the nation's monthly auto sales as government incentives boosted demand.

Sales of cars, trucks and buses, excluding minicars, rose 35 percent to 294,887 vehicles in February from a year earlier, the Japan Automobile Dealers Association said in a statement Monday. Toyota sold 146,145 units, excluding Lexus-brand cars, up 48 percent.

Japan's auto sales began recovering from a yearlong slide in August as government rebates and tax cuts for fuel-efficient vehicles helped rekindle demand. The incentives helped raise sales by about 600,000 vehicles last year and may increase them by about 900,000 this year, the Japan Automobile Manufacturers Association said at the end of December.

"A year ago, auto sales were in very bad shape because of the recession," said Yoshiaki Kawano, an auto analyst at CSM Worldwide in Tokyo. "The incentive programs hadn't been implemented, either."

February sales jumped 36 percent at Honda, while Nissan Motor Co., the nation's third-largest automaker, sold 18 percent more vehicles.

Toyota said Feb. 10 it will recall 223,068 hybrid cars in Japan to repair computers in antilock brake systems. As delivery and registration of new cars takes a few months after customer orders are placed, any effect from the recall will not be reflected immediately in sales figures, Kawano said.

Under a government program started in June, consumers in Japan can apply for a ¥250,000 subsidy if they scrap a car more than 13 years old to buy a new one, and ¥100,000 for a new car purchased without scrapping an old one. The subsidies are available retroactively for purchases from last April 10.

The government has extended the program, which was initially set to expire at the end of March, for six months until September.

Electric, hybrid, natural gas and some diesel vehicles also qualify for an exemption from the country's weight and purchase taxes.

Vehicle sales may rise 4.1 percent to 4.8 million units in 2010, according to the Japan Automobile Manufacturers Association.

JAL to drop Nippon Yusen tieup talks, may exit air freight business

Kyodo News

Japan Airlines Corp. and Nippon Yusen K.K., Japan's biggest shipping company, said Tuesday they will end talks on integrating their cargo operations, as the plan fell apart after JAL filed for bankruptcy protection in January.

With the decision, sources said JAL will consider a major reduction in its air cargo operations, including ending its air freight business, as part of its state-led rehabilitation process.

"Both parties have reached an amicable conclusion to end the negotiations because the structure of the merger could not be organized within the scope of the agreement" between the two firms, they said.

The carrier and Nippon Cargo Airlines Co., Nippon Yusen's air freight unit, had been negotiating since August to merge their cargo operations this spring.

JAL had initially envisioned spinning off its cargo operations and holding about an equal stake with NCA in the integrated cargo carrier.

But the state-backed Enterprise Turnaround Initiative Corp. of Japan, sponsoring JAL's rehabilitation efforts, was seeking an overhaul of the carrier's troubled cargo operations.

Talks had bogged down with NCA, which had envisioned joint cargo operations that will be funded about equally between the two firms.

(Star online) Toyota repairing leaky oil hoses in US, Japan

TOKYO: Toyota is repairing nearly 1 million vehicles in the U.S. and Japan for potentially leaky oil hoses - the latest in a spate of quality problems battering the world's biggest automaker.

The fix, which has already been rolled out in Japan since late last year, is not considered a recall in Japan, but is categorized as a "service campaign," with owners receiving notices through dealers about the needed repair, Toyota spokesman Paul Nolasco said Tuesday.

In the U.S., the repair for an oil-supply hose is being expanded to the 2007 and 2009 model year RAV4 sport utility vehicles and some Avalon sedan models, totaling 217,800 vehicles, lifting the total number of vehicles affected in the U.S. to 934,000.

Toyota Motor Corp. said the problem affected about 40,000 vehicles in Japan spanning five models: the Harrier luxury model, Estima minivan, Blade hatchback, Mark X Zio sedan and Vanguard crossover.

The faulty hoses can cause engine noise and light up the oil pressure light on vehicle dashboards, according to Toyota.

In the U.S., the problem also affects the best-selling Camry and two Lexus models.

Regulations on auto problems differ in Japan and the U.S.

In Japan, automakers are not required to report such "voluntary repairs" to the transport ministry.

Toyota's quality standards have come under intense scrutiny following global recalls of some 8.5 million vehicles for gas pedal, floor mat and braking problems.

Toyota President Akio Toyoda apologized Monday in Beijing, seeking to placate growing consumer worries.

For the first time since the recall fiasco surfaced, Toyoda made a formal Japanese-style deep bow of contrition that immediately followed his words of apology.

He had apologized earlier in Japan and the U.S., but did not offer a bow of apology.

Toyota has said the automaker grew too fast in recent years and failed to listen as closely as it should have to consumer complaints about its vehicles.

(The Japan Times) Nissan recalls 540,000 vehicles

DETROIT (AP) Japanese automaker Nissan Motor Co. is recalling about 540,000 pickup trucks, sport utility vehicles and minivans to fix problems with brake pedals and fuel gauges.

Most of the recalled vehicles are in the U.S., with smaller numbers scattered across the globe.

The brake pedal recall affects 179,000 vehicles in the U.S. and about 26,000 in the Middle East, Canada, Russia and several other countries.

A pin in the pedal assemblies on certain 2008 to 2010 Nissan Titan pickups, Infiniti QX56 and Nissan Armada sport utility vehicles, and some 2008 and 2009 Nissan Quest minivans can come loose and cause reduced braking force, Nissan said Tuesday in a statement.

No injuries or crashes have been reported, the company said. Customers with loose brake pedals should contact their dealer, Nissan said.

Nissan blamed the problem on a manufacturing defect by a parts supplier. Dealers will inspect the vehicles for loose pins and repair them if necessary.

The company said in a statement that all vehicles now on sale do not have the problem.

Nissan also is recalling 419,000 vehicles in the U.S. and 53,000 elsewhere because gas gauges can show fuel left in the tank when it's actually empty.

The recall affects 2005 through 2008 Nissan Titan, Armada and Infiniti QX56s as well as Nissan Frontier pickups and Pathfinder and Xterra SUVs produced between January and March 2006 and between October 2007 and January 2008.

Due to a problem with a sensor inside the fuel tank, the gauges can show gas tanks a quarter full when they are in fact empty.

Nissan suggests keeping a half tank of gas in the vehicles until the gauges can be repaired, eliminating the risk of running low on fuel.

(The Star online) Japan's jobless rate falls, spending increases

TOKYO: Japan's unemployment rate in January eased for the second straight month and household spending posted solid growth despite a decline in wages, adding to signs of recovery in the world's second largest economy.

January's jobless rate fell to 4.9 percent from a revised 5.2 percent in December, the Ministry of Internal Affairs and Communications said Tuesday.

The result was better than the 5.1 percent expected by economists in a Kyodo News agency survey.

"At least in the labor market, the worst is over," said Hideki Matsumura, senior economist at the Japan Research Institute.

The jobless rate compares with the record high 5.7 percent hit in July last year as Japanese workers were reeling from layoffs resulting from the global economic downturn.

"The January figure reflects a recovery in Japan's economy," Matsumura said.

"But the pace of the recovery is very slow. Many companies are still reluctant to hire people."

Although Japan's economy emerged last year from its worst recession since World War II, it remains threatened by deflation, a strong yen and sluggish domestic demand.

The unemployment rate for women dropped to 4.6 percent in January from 5.1 percent in December, while that for men slipped to 5.2 percent from 5.3 percent.

The number of jobless people in January rose by 460,000 from a year earlier to 3.23 million.

The Ministry of Labor said Tuesday the average ratio of job offers to job seekers came in at 0.46 in January.

The figure means that there were 46 job offers for every 100 job seekers. It said the January ratio marked the first improvement since September.

Along with the improving labor market, Japan's consumer spending continued to grow.

Household spending in January expanded 1.7 percent from a year earlier, marking the sixth straight month of increase, the ministry said in a separate report.

The figure represents a key indicator of private consumption, which alone accounts for around 60 percent of Japan's economy.

Spending on cars, including vehicle purchases, jumped 11.3 percent in January from a year earlier.

The ministry said government incentives for consumers buying eco-friendly cars helped boost demand.

Spending on food, including eating out at restaurants, grew 2.3 percent.

"Private consumption is showing steady growth," Matsumura said.

"But to sustain that the government needs to implement fresh measures aimed at stimulating domestic demand."

The ministry added that average monthly household income in January fell 0.5 percent to 434,344 yen (\$4,900), marking the six consecutive month of year-on-year decrease.

(Star online) Toyota faces further probe by US authorities

WASHINGTON: Toyota has recalled six million cars in the US over concerns about sudden acceleration. But an analysis of government documents shows that many Toyota Camrys built before 2007, which were not subject to recalls, have been linked to a comparable number of speed-control problems as recalled Camry.

While owners of all makes of vehicles have filed complaints with the government about speed control problems, the analysis – based on a review of 12,700 complaint records in the US over the last decade by *The New York Times* – reveals that Toyota had more complaints involving crashes than any other carmaker.

Many of the complaints were about vehicles not covered by recalls. The 2002 Camry, for example, had about 175 speed-control complaints. Roughly half of those involved crashes.

By comparison, the 2007 Camry, which was recalled, was the subject of about 200 speed-control complaints, with fewer than a quarter of those resulting in accidents.

In all, federal safety regulators said they had received complaints alleging that unintended acceleration in Toyota vehicles caused 34 deaths.

In his Congressional testimony last week, James E. Lentz III, the president of Toyota Motor Sales USA, noted that other auto manufacturers had had complaints of sudden acceleration.

Of the 12,700 National Highway Traffic Safety Administration (NHTSA) consumer complaints analysed by *The Times*, the Ford Motor Co had the most, about 3,500.

Toyota ranked second, with about 3,000 complaints, but those were linked to far more accidents – 1,000 – compared to 450 crashes for Ford.

All told, from 2000 through 2009, Toyota had one speed-control crash complaint per 20,454 vehicles sold in the US. Ford had one complaint per 64,679 vehicles.

Honda had one per 70,112 and GM one per 179,821.

Asked about *The Times's* findings, a Toyota spokesman said on Monday that pre-2007 Camrys had been investigated and cleared of defects in three previous inquiries by the safety agency.

“At the conclusion of these investigations, no specific evidence of a trend regarding safety issues was found,” said Brian Lyons, the spokesman.

Lyons said that the 2002 and 2003 Camrys with six-cylinder engines had also been subject to two corporate service actions aimed at addressing momentary surges in acceleration.

He said the changes were “not issued to resolve any computer software or electronic throttle control concerns.”

A separate examination by *The Times* of transport ministry records in Japan revealed a similar finding. In reports since 2001, Toyota vehicles have been cited with a greater frequency in complaints of sudden acceleration than those of other major carmakers.

Toyota has blamed gas pedals that can stick and bulky floor mats for unexplained acceleration in its recalled vehicles.

Camrys sold before 2007 in the US, and almost all Toyotas sold in Japan, use a different pedal design and different floor mats. So Toyota has said that there is no need to recall those cars.

Records suggesting that these Camrys and Japanese Toyotas have sudden acceleration problems have raised questions about whether there might be another explanation, including the possibility that the cars' electronic systems malfunction, resulting in unexpected acceleration.

Toyota's chief executive, Akio Toyoda, testified before a Congressional panel last week that he was "absolutely confident" there was no problem with Toyota's electronics.

"Tests have been repeated," he said. "However, no malfunction or problems were identified."

But transportation officials in the US said in interviews that they were reviewing whether to expand their investigations of Toyota to include pre-2007 Camrys.

A spokeswoman for the Transportation Department, Olivia Alair, said these same models would now be part of an inquiry into the role that electronic throttle control systems may have played in Toyota's speed-control problems. – AP

(The star online) Toyota sued over deaths in key California crash

LOS ANGELES (Reuters) - Relatives of a California state trooper and three family members whose fatal car wreck helped spark Toyota's wide-ranging safety recall have sued the automaker for defects they say caused the vehicle to speed out of control and crash.

The lawsuit, filed on Tuesday in San Diego Superior Court, was the latest in a wave of product-liability cases and other legal action brought against Toyota Motor Corp over complaints of sudden, unintended acceleration in its vehicles.

But the fiery Aug. 28 crash near San Diego of a Lexus ES 350 sedan driven by off-duty California Highway Patrol Officer Mark Saylor drew intense media attention and renewed

government scrutiny of safety problems that led to the recall of some 8.5 million Toyota vehicles worldwide.

Toyota President Akio Toyoda, grandson of the company's founder, extended his condolences to the Saylor family in an apology he delivered to a congressional hearing last week.

Saylor was driving his wife, their 13-year-old daughter, and his brother-in-law on a family outing when their car "began to accelerate on its own" and sped out of control despite Saylor's attempts "to apply the brakes and otherwise do everything possible to stop" the car, the lawsuit says.

The car reached speeds of up to 120 miles (193 km) per hour before it struck another vehicle, ploughed through a fence, hit a berm and flew through the air, then rolled several times into a field and burst into flames.

The family's final moments before impact were captured in the recording of a frantic 911-emergency cell phone call placed by Saylor's brother-in-law, Christopher Lastrella, in which he is heard telling the dispatcher, "Our accelerator is stuck ... We're in trouble ... there is no brakes."

Others in the car are heard saying, "hold on" and "pray" as the call ended, the lawsuit said.

The suit names Toyota, its U.S. division and other corporate entities as defendants, along with the Lexus dealership where Saylor was given the doomed car as a "loaner vehicle" while his own Lexus was being serviced.

Although the suit makes no specific allegations as to the root cause of the unintended acceleration, it says the car in question "was defective when it left the control of each defendant" and that "adequate warnings of the danger were not given." The suit seeks unspecified monetary damages on behalf of the parents of Saylor and his wife.

Toyota officials have said they do not comment on pending litigation.

San Diego County Sheriff's investigators concluded the crash likely was caused by the gas pedal becoming stuck in an all-weather rubber floor mat designed for a larger vehicle but placed by the Lexus dealership in the sedan loaned to Saylor.

But the accident report said "other avenues of unintended acceleration could not be explored," mechanical or electrical, due to catastrophic damage to the vehicle.

The report also revealed that another driver who had been loaned the same car a few days earlier told investigators the vehicle raced out of control on him when the gas pedal jammed in the floor mat, which he managed to free after placing the gear shift into neutral.

He complained to a dealership receptionist when he returned the car, the receptionist told investigators she alerted the detail specialist on duty, but the detailer claimed never to have received such a complaint, the report said.

Toyota has recalled more than 5 million vehicles in the United States for slipping floor mats. Another 2.2 million U.S. recall notices were issued for sticking accelerator pedals.

The U.S. Transportation Department has said that complaints of unintended acceleration in Toyota and Lexus vehicles are linked with more than 50 U.S. crash deaths under investigation over the past decade.

(The Japan Times) Foreign reserves fell in February

Kyodo News

Japan's foreign-exchange reserves at the end of February fell \$1.99 billion from a month earlier to \$1.051 trillion, down for the first time in two months, largely due to a fall in the value of its holdings of euro-denominated assets, the Finance Ministry said Friday.

Still, the reserves stood at the fifth-highest level on record, the ministry said.

Japan's foreign-exchange reserves, the world's second-largest after China's, consist mainly of securities and deposits denominated in foreign currencies, gold, and reserve positions and special drawing rights at the International Monetary Fund.

Socio-Cultural Façade;

Detailed News:

(The Japan Times) Magnitude-6.9 Okinawa quake injures two; biggest since 1909

NAHA, Okinawa Pref. (Kyodo) An earthquake with a preliminary magnitude of 6.9 jolted Okinawa Prefecture early Saturday morning, causing tidal waves of up to 10 cm, the Meteorological Agency said.

Two people sustained minor injuries, while ruptured water pipes were reported in Naha and elsewhere, local authorities said.

The 5:31 a.m. quake originated around 10 km underground in waters near Okinawa Island. It logged a lower 5 on the Japanese seismic intensity scale of 7 in the city of Itoman on the southern tip of Okinawa's main island.

It was the first temblor with its focus on waters near Okinawa to log that intensity or more on the island since 1909, while a quake in 1911 with its epicenter off Amami-Oshima Island registered around upper 5 on Okinawa Island, according to the weather agency.

Intensity 4 was registered in Naha, Nago and other locations in Okinawa and on Yoron Island in Kagoshima Prefecture. Intensity 3 was marked in some parts of Okinawa and Kagoshima prefectures.

The agency immediately issued a tsunami warning for coastal regions of Okinawa Island following the quake but downgraded it to an advisory one hour later, before lifting it around 7 a.m.

Small waves of up to 10 cm reached the city of Nanjo and village of Minamidaito just before 6 a.m.

(The Straits times) Japan evacuates 320,000

SENDAI (Japan) - JAPAN evacuated more than 320,000 people on Sunday as a tsunami triggered by Chile's massive earthquake sent waves up to 1.20 metres (four feet) high barrelling into its long Pacific coastline.

Seawater swells inundated buildings in several harbours. Authorities warned coastal communities to stay on high alert and keep clear of the shore as more powerful tsunami waves could follow.

Japan's 'major tsunami alert' - warning of the threat of monster waves that could top three metres - was the country's first in more than 15 years. From early morning, tsunami warnings flashed across all television channels and evacuation sirens wailed across the east coast of the archipelago.

Massive steel gates slammed shut across the entrances to fishing ports. Coastguard vessels and air force jets fanned out to search for stray ships still at sea and to observe any damage.

'Please do not approach the coast at any cost,' Prime Minister Yukio Hatoyama said in nationally televised comments. 'We should not drop our guard. I would like people to take all possible measures' to stay safe, he said.

East-coast railway services were halted and cities and towns cancelled festivals and local elections, while public broadcaster NHK repeatedly warned local residents not to go near beaches or a river mouth.

More than 320,000 people were ordered to evacuate to schools and other public buildings in the Aomori, Iwate and Miyagi prefectures on the main island of Honshu, according to a Kyodo news agency tally.

(The Japan Times) Tsunami rips across Pacific, pats Japan

Feared waves from Chile do little in Asia

Compiled from AP, Kyodo

The tsunami generated by the immense earthquake in Chile hit Japan's main islands Sunday, but the initial waves washed ashore without causing any damage after sparing most of the Pacific islands in its path.

The Meteorological Agency said the biggest wave in the initial tsunami from the 8.8-magnitude temblor off Chile was 145 cm high and hit the fishing port of the town of Otsuchi in Iwate Prefecture at around 3:43 p.m.

Another one about 120 cm high landed in Kuji, also in Iwate, at 3:49 p.m.

No casualties had been reported as of 5 p.m., the National Police Agency said.

The threatening waves forced the Meteorological Agency to issue its first Major Tsunami Warning in more than 15 years to the northern Pacific coastal areas of Aomori, Iwate and Miyagi prefectures, where the initial waves were believed to have hit between 1:30 p.m. and 2 p.m.

Residents in Nemuro, Hokkaido, and the Ogasawara islands off Tokyo also were advised to flee to safer areas.

The major warning was downgraded to a regular warning for the three northern prefectures at 7:01 p.m., and a mere advisory in other areas later on.

By Sunday evening, authorities had issued evacuation orders and advice to an estimated 520,000 people nationwide.

Despite the downgrades, Prime Minister Yukio Hatoyama urged people living near the coastline to steer clear, telling reporters, "Carelessness is the devil's workshop."

"Tsunami isn't just the first (wave)," he said. "We can never take the optimistic view that just because the first wave has arrived, we are safe. Tsunami are a scary thing."

The Japan Coast Guard urged ships operating off Iwate to evacuate the area.

The warning caused East Japan Railway Co. and other JR firms to suspend services in coastal areas, and some airports to cancel flights. An expressway in the warning zone was also partly closed to traffic.

In Oirase, Aomori Prefecture, voting for the mayoral election was suspended in the morning as the local election board decided to close three polling stations near the coast.

As it crossed the Pacific, the tsunami dealt populated areas — including Hawaii — just a glancing blow.

The Pacific Tsunami Warning Center has lifted its warning for every country but Russia and Japan, although some countries in Asia and the Pacific — including the Philippines, Australia and New Zealand — were keeping their own watches in place as a precaution.

The tsunami initially raised fears that the Pacific could fall victim to the type of waves that killed 230,000 people in the Indian Ocean in 2004 the morning after Christmas. During that disaster, there was little or no warning and much confusion about the impending waves.

Officials said the opposite occurred with the Chile quake: They overstated their predictions for the size of the waves and the threat.

"We expected the waves to be bigger in Hawaii, maybe about 50 percent bigger than they actually were," said Gerard Fryer, a geophysicist for the warning center. "We'll be looking at that."

But Japan, fearing the tsunami could gain force as it moved closer, put all of its eastern coastline on tsunami alert Sunday and ordered hundreds of thousands of residents in low-lying areas to seek higher ground as waves generated by the Chilean earthquake raced across the Pacific at jetliner speeds.

Japan is particularly sensitive to the tsunami threat.

In July 1993, a tsunami triggered by a major earthquake off Hokkaido killed more than 200 people on the small island of Okushiri. A stronger quake near Chile in 1960 created a tsunami that killed about 140 people in Japan.

The waves were expected to be biggest in the north. The Meteorological Agency said a tsunami of up to 3 meters — the threshold for a Major Tsunami Warning — could hit Aomori, Iwate and Miyagi, although the first waves were much smaller.

People packed their families into cars, but there were no reports of panic or traffic jams. Fishermen secured their boats and police patrolled beaches, using sirens and loudspeakers to warn people to stay away.

Elsewhere, however, the tsunami passed quietly.

By the time it hit Hawaii — a full 16 hours after the quake — officials had already spent the morning ringing emergency sirens, blaring warnings from airplanes and ordering residents to higher ground.

The islands were back to paradise by the afternoon, but residents endured a severe disruption and scare earlier in the day: Picturesque beaches were desolate, million-dollar homes were evacuated, shops in Waikiki were shut down, and residents lined up at supermarkets to stock up on food and at gas stations.

Waves hit California, but barely registered amid a storm. A surfing contest outside San Diego went on as planned.

In Tonga, where up to 50,000 people fled inland hours ahead of the tsunami, the National Disaster Office had reports of a wave up to 2 meters high hitting a small northern island, deputy director Mali'u Takai said. There were no initial indications of damage.

Nine people died in Tonga last September when the Samoa tsunami slammed the small northern island of Niuatoputapu, wiping out half of the main settlement.

In Samoa, where 183 people died in the tsunami five months ago, thousands remained Sunday morning in the hills above the coasts on the main island of Upolu, but police said that there were no reports of waves or sea surges hitting the South Pacific nation.

Villagers living close to the Philippines' eastern coast were advised to move to higher ground, said Renato Solidum, the chief of the Philippine Institute of Volcanology and Seismology. He said a wave of about 1 meter high could hit early in the afternoon.

"We're not expecting any huge tsunami, so we're just urging everybody to take precautions," Solidum said.

On New Zealand's Chatham Islands earlier Sunday, officials reported seeing a wave measured at 2 meters.

Oceanographer Ken Gledhill said it was typical tsunami behavior when the sea level dropped 1 meter off North Island's east coast at Gisborne then surged back.

Several hundred people in the North Island coastal cities of Gisborne and Napier were evacuated from their homes and from campgrounds, while residents in low-lying areas on South Island's Banks Peninsula were alerted to be ready to evacuate.

New Zealand's Ministry of Civil Defense and Emergency Management cut the national warning to an advisory Sunday afternoon, and in the Cook Islands police issued the all-clear at midmorning Sunday.

In Australia, the Bureau of Meteorology reported a tsunami measuring 0.5 meters off Norfolk Island.

(The Straits times) Japan agency says 'sorry'

TOKYO - JAPAN'S weather agency apologised on Monday for 'crying wolf' when it urged some 1.5 million people to evacuate ahead of a possible major tsunami, only to find the waves that finally hit were far smaller than feared.

Experts defended the agency's decision to warn that waves of 3 metres or more might strike Japan's Pacific coast after a huge earthquake hit Chile, but acknowledged the risk of making residents blasé about the danger next time.

'In the end, the warning was a bit excessive. I would like to apologise for the fact that the warning lasted so long,' Jiji news agency quoted Japan Meteorological Agency official Yasuo Sekita as telling a news conference after all warnings and advisories had been lifted, some 25 hours after the first alert.

Tsunami warnings are common in Japan, one of the world's most earthquake-prone countries, but Sunday's alert was the first for a major tsunami in 17 years and only the fourth since 1952. The alert came after the Pacific Tsunami Warning Center (PTWC) had issued a Pacific-wide warning that included Hawaii and stretched across the ocean from South America to the Pacific Rim.

'I don't question the wisdom of their warning. The key thing to remember is that they cannot underwarn. That is not an option,' Dailin Wang, an oceanographer at the PTWC, told Reuters. Predicting the height of a tsunami is a complex task that requires not only knowing the quake's magnitude but harder-to-grasp information about the impact on the sea floor and detailed data about the coastal areas that could be hit, Mr Wang said.

Still, warnings of impending disaster that don't pan out could encourage people to ignore future alerts, he said. 'If we do that all the time, we cry wolf and lose credibility,' Mr Wang said. 'We have to improve.'

(The Japan Times) Climate talks seek to prepare ground for Mexico meeting

Kyodo News

Climate negotiators from about 30 countries and international organizations began exploring ways Monday to advance talks on a new framework to combat climate change beyond 2012.

At a two-day meeting in Tokyo, working-level participants at the Informal Meeting on Further Actions against Climate Change, cochairs Japan and Brazil will lead discussions on how to build on the failed Copenhagen Accord, and move toward the next meeting in Mexico, scheduled for late November.

In his opening remarks, Japanese Ambassador for Global Environmental Affairs Akihiko Furuya said that although he recognizes there are "mixed feelings" about the outcomes of the Copenhagen talks, negotiators "should not underestimate what we achieved last year."

"The Copenhagen Accord provides a valuable stepping stone toward the ultimate goal of agreeing on a comprehensive legal document. Based on last year's achievements, we should continue to move forward with renewed resolve," he said.

The climate talks in the Danish capital last December failed to adopt the Copenhagen Accord, which was brokered by 26 key economies, with delegates merely signing off on a nonbinding political agreement due to opposition from countries that complained about the closed-door drafting process.

Furuya said countries "really have to be serious about improving the efficiency and effectiveness of the negotiation and decision-making process" and consider how they "can operationalize those related paragraphs in the Copenhagen Accord."

So far, more than 100 countries have voiced support for the accord, and they are responsible for more than 80 percent of global greenhouse gas emissions.

The accord calls on developed countries to set national targets for cutting greenhouse gas emissions for 2020, and for developing countries to take concrete action to mitigate climate change.

Luiz Alberto Figueiredo Machado, head of environmental affairs at the Brazilian Foreign Ministry, said countries should address "how best to incorporate the needs, requests and complaints of those who felt they were not heard in Copenhagen."

The Brazilian envoy, who is cochairing the Tokyo meeting with Furuya, also stressed the need to recover confidence that was lost in the Copenhagen meeting to achieve success.

Global climate change talks are aimed at replacing the 1997 Kyoto Protocol, as that agreement is set to expire in 2012.

Since China and the United States, the two largest emitters of greenhouse gases, are not part of the Kyoto pact, Furuya said Tokyo's position is that the "simple amendment of the Kyoto Protocol is definitely not sufficient as the post-2012 framework."

(The Straits Times) 'Terminal' activist fights on

SHANGHAI - AFTER three months in legal limbo in Japan, Chinese rights campaigner Feng Zhenghu says he is not wasting any more time.

Mr Feng was forced to camp out near an immigration counter at Tokyo's Narita airport after the Chinese government refused on several occasions to let him come home, in a case reminiscent of the Tom Hanks film *The Terminal*.

In the two weeks since his ordeal ended, he has entertained other rights activists, drunk tea with state security police and is attempting to sue Shanghai immigration authorities for blocking his return.

Mr Feng says he is ready to resume his work and hopes the media exposure given to his case will give him an advantage. 'I'm not afraid,' Mr Feng told AFP in his flat in northeast Shanghai,

sitting in front of a cabinet full of books. 'I've been imprisoned, under house arrest and kidnapped, so I've already experienced it all,' the small 55-year-old added with a laugh.

After 92 days at Narita, Mr Feng was finally allowed to return to China on Feb 12, just in time for the New Year holiday, after international media drew attention to his plight.

The campaigner has spent years advocating the rule of law and using his self-taught knowledge of the Chinese legal system to help those whose rights have been violated in the communist-ruled country. That, he says, was why authorities refused to let him back in after a trip to Japan in April to see his sister, who lives there, and why he is now under surveillance.

(The Straits Times) Japan's top web forum hacked

TOKYO - JAPAN'S top Internet forum 2channel was offline on Tuesday after an apparent mass hacker attack from South Korea over slanderous comments on their Olympic figure skating queen Kim Yu-Na.

South Korea's Yonhap news agency reported that more than 10,000 users had launched a 'concerted cyber offensive' and coordinated their attacks through web communities since Monday against the popular site www.2ch.net.

The site, launched in 1999, allows users to post comments on hundreds of topics, from politics and sports to entertainment and manga cartoons, without providing a user name, a model meant to boost online freedom of speech. But the site has repeatedly become a forum for right-wing nationalists and users posting xenophobic slurs, especially against South Korea and China.

The 2ch forum is Japan's largest online bulletin board by number of users and page views, according to Internet research firm NetRatings Japan.

The site was not accessible on Tuesday, but its search lists showed Japanese-language attacks had earlier been posted against Kim, who beat Japanese rival Mao Asada to take gold at the Vancouver Winter Games.

South Korea's JoongAng Daily reported online that the cyber war was launched on Monday, the anniversary of a 1919 uprising against Japanese colonial rule that became known as the March

First Movement. South Koreans have often been angered by comments on the messaging forum, including one that called a deadly attack against a South Korean college student in February in Irkutsk 'Russia's good deed', Yonhap reported.

(The Straits Times) Japan lifts tsunami alerts

TOKYO - JAPAN on Monday lifted all tsunami alerts nationwide, a day after authorities ordered large-scale evacuations as waves triggered by Chile's massive earthquake hit its Pacific coast.

'We lifted all alerts as of 10.15am (0115 GMT, 9.15am Singapore time),' said Yoshiro Ota at the Meteorological Agency's earthquake and tsunami division.

On Sunday Japan had ordered the evacuations of more than 320,000 people as waves up to 1.20 metres (four feet) high hit the archipelago's long Pacific coastline and flooded several port areas.

Seawater inundated buildings and left cars stranded in eastern harbours on the main island of Honshu and on far-northern Hokkaido, while white-crested waves raced from the ocean up coastal rivers.

Japan for the first time in more than 15 years issued a 'major tsunami alert,' a warning of three-metre waves, but downgraded it by nightfall.

(The Straits Times) Judo queen pleads for Toyota

TOKYO - JAPAN'S seven-time world judo champion and double Olympic gold medalist Ryoko Tani met with Japanese ministers Monday to plead the case for her troubled employer, Toyota.

Tani has appeared in adverts for Japanese auto giant Toyota, which is in crisis after having to pull some eight million vehicles worldwide to make repairs.

'I am one of the employees,' she told reporters inside parliament after meeting with Ichiro Ozawa, a political kingmaker and the secretary general of the ruling Democratic Party of Japan. 'We are taking the matter seriously and trying our best to make improvements and find solutions,'

said 34-year-old Tani. 'I asked for understanding and also asked the government to help us as well.'

Switching her judo uniform for dark business suits, Tani also met with Chief Cabinet Secretary Hirofumi Hirano and Industry Minister Masayuki Naoshima.

Tani has long been a famous figure in the Japanese sports world and is often invited to all sorts of cultural and social events, including parties with the Japanese emperor and prime ministers.

Toyota President Akio Toyoda has appeared before US lawmakers to make tearful apologies for the company's safety problems, including faulty accelerator pedals blamed for more than 30 deaths.

(The Straits Times) Plea for whaling compromise

WASHINGTON - A FORMER prime minister of New Zealand pleaded with both sides on the divisive issue of whaling to 'swallow a dead rat' and strike a compromise as negotiators met on Wednesday in Florida.

Key nations including Australia and Japan, whose relations have been increasingly strained over whaling, met late into the night Tuesday before resuming a second day of talks at a beachside hotel, participants said.

The meeting is looking at a proposal that would allow Japan, Norway and Iceland to openly hunt whales, despite a 1986 moratorium on commercial whaling, but aim to reduce the total catch over the next 10 years.

Mr Geoffrey Palmer, the former prime minister of anti-whaling New Zealand who helped draft the compromise for the International Whaling Commission (IWC), acknowledged that the proposal 'will not satisfy any nation'. 'It cannot. It is a compromise,' Mr Palmer told the closed-door meeting near Saint Petersburg, Florida, according to a prepared text.

'To put it another way, often used in domestic politics - both sides would have to swallow a dead rat,' he said. Australia has already said that the compromise was unacceptable and Japan has hinted it was not satisfied.

But Mr Palmer warned the nations against sticking to 'the comfortable acrimony of our established positions'. 'If we do not scale this peak, I confidently predict no further attempt will be made for 20 years,' Mr Palmer said. 'Governments will not be prepared again to commit the significant diplomatic resources that have gone into the present exercise,' he said.

(The Japan Times) Japan 98th in terms of female lawmakers

NEW YORK (Kyodo) A record 18.8 percent of lawmakers around the world are women, an Inter-Parliamentary Union survey showed Wednesday.

Japan ranked 98th at 11.3 percent with 54 of its 480 Lower House seats held by women. A year earlier, Japan placed 104th at 9.4 percent.

Japan trails China, in 55th, North Korea, 78th, and South Korea, 82nd.

"The year 2009 was marked by continued progress for women in parliament," said the report by the Geneva-based IPU, which tracks women's progress and setbacks in the political arena. "The global average for the proportion of women in parliament reached an all-time high of 18.8 percent."

The data represented the percentage of women in unicameral parliaments or in the lower houses of parliament, and reflected elections that took place up to last Jan. 1.

Rwanda led the world with women accounting for 56.3 percent of its lower house parliamentarians, followed by Sweden at 46.4 percent, South Africa at 44.5 percent, Cuba at 43.2 percent and Iceland at 42.9 percent.

When the United Nations held a key meeting on women in Beijing in 1995, women held 11.3 percent of seats in parliament.

"We continue to increase the number of women in parliament," IPU Secretary General Anders Johnsson told a press conference following the release of the report. "Things have certainly improved, but not nearly as much as we would want them to."

He noted that despite the "steady" progress, only 38 countries had met the goal of having 30 percent of seats occupied by women.

Progress has also been registered in some regions. In Africa, an average 29 percent of the seats filled in 2009 went to women, bringing the overall average there to 18.7 percent at the end of the year. That was nearly double the 1995 average of 9.8 percent.

Europe performed well, with 26 percent of the seats filled in 2009 going to women. In the Americas there was "steady progress," with 25 percent of the nearly 1,800 seats filled in the year going to women.

Progress was considered "slower" in Asia, with women taking 14 percent of the seats filled in 2009, although there were few elections in the year.

"The overall average for the region stands at 18.5 percent, just 5 percentage points higher than in 1995," the report said.

The largest gain was in Indonesia, where the proportion of women elected in 2009 rose from 11 percent to 18 percent.

In the Arab region, there were mixed results, with four women being elected to Kuwait's Parliament in 2009, but no women were appointed to the Consultative Council in Saudi Arabia.

Noguchi, up in ISS, reads to Tokyo elementary school children

YOKOHAMA (Kyodo) Transmitting from the International Space Station, astronaut Soichi Noguchi read from a book to children at a Tokyo elementary school Wednesday.

Through prerecorded video clips, Noguchi read from the picture book "Mottainai Ba-san" ("An old woman who hates waste") for about five minutes via a big screen inside the library at Aijitsu Elementary School in Tokyo's Shinjuku Ward.

The book is about an old woman who hates to see people wasting water, food and other things.

"At the International Space Station, I wash my face with only a glass of water. I hope nobody there is a waster," the 44-year-old astronaut said to the children after finishing the reading.

A first-grade girl said, "After listening to the story, I thought I should not waste food."

The event was organized by publisher Kodansha Ltd. to promote book reading among children.

JAXA delays return

Astronaut Soichi Noguchi will extend his stay at the International Space Station for about half a month and return to Earth on June 2, the Japan Aerospace Exploration Agency said Tuesday after being notified by NASA.

While the reasons for the delay in his homecoming remain unclear, the 44-year-old has been assigned the new task of moving Russia's Soyuz spacecraft, which is docked at the ISS, to another docking section.

Noguchi left for the space station on Dec. 21 from the Baikonur space center in Kazakhstan aboard the Soyuz. He has been involved in scientific studies including experiments on production of protein at Japan's Kibo laboratory module during his second space trip, following one in 2005.

Even under the previous schedule, he was expected to top the existing longest-stay record of 137 days in space for a Japanese astronaut.

(The Straits times) Quake hits Japanese island

TOKYO - AN EARTHQUAKE of 5.1 magnitude struck off the southern Japanese island of Okinawa on Tuesday, but there was no immediate report of damage or casualties and no tsunami alert, officials said.

The tremor at 5.21 pm (4.21 pm Singapore time) came at a depth of 27 kilometres (17 miles) in the Pacific and was centred 65 kilometres east of Naha, Okinawa, the US Geological Survey said.

On Saturday, Okinawa, where more than half of the 47,000 US troops in Japan are based, was hit by its biggest seismic jolt in more than half a century when a 7.0-magnitude earthquake struck, triggering minor tsunamis.

The following day authorities ordered large-scale evacuations on Japan's Pacific coast as waves triggered by Chile's massive earthquake hit, but no injuries were

(The Straits times) Resume whaling: Japan

TOKYO - JAPAN will push for a resumption of commercial whaling, the Agriculture, Forestry and Fisheries Minister Hirotaka Akamatsu said ahead of an International Whaling Commission meeting on Tuesday.

'To gain the right to resume commercial whaling, what and how much can we give?' he told reporters in Tokyo before the closed-door talks between lower level officials in Florida. 'We will continue our patient negotiations.'

In 1986, the IWC slapped a moratorium on commercial whaling, but Japan uses a loophole that allows lethal 'scientific research' for its annual Antarctic hunts, while Norway and Iceland defy the ban entirely. The three nations have since killed more than 30,000 whales.

The Florida talks come ahead of the annual IWC meeting in June, when nations will discuss a proposal by the commission's chair to give the green light to whaling but with the goal of gradually reducing the total catch.

'In the end, I will go to the IWC meeting (in June) and voice Japan's position and make sure it will bear fruit,' Mr Akamatsu told reporters.

Japan makes no secret of the fact that the meat of whales it kills is sold in restaurants and shops, and maintains that whaling is an important and centuries-old tradition for the island-nation. Japan's annual whale hunts, bitterly opposed by environmental campaigners at sea every year, have also angered anti-whaling nations such as New Zealand and Australia which has threatened legal action against Japan.

(The Star online) Nakata's boots raise US\$1.5m for Haiti

TOKYO: A pair of soccer boots belonging to former Japan captain Hidetoshi Nakata (*pic*) has raised almost US\$1.5mil for Haiti's earthquake disaster relief.

The boots Nakata wore against Croatia at the 2006 World Cup in Germany were auctioned off online to help relief efforts after the devastating Jan 12 quake that according to the local government may have claimed as many as 300,000 lives.

Japan drew that match 0-0 before a tearful Nakata announced his shock retirement when Japan were thrashed 4-1 by Brazil in their next fixture to exit the Finals.