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Summary of Report

South Korea

Politico-Strategic front:

Lee Replaces Six Vice Ministers

In a reshuffle affecting six vice ministers Eom Jong-sik, chief of the special office for inter-Korean dialogue at the Ministry of Unification Ahn Hyun-ho, chief of the Ministry of Knowledge Economy's industry and economy division, Moon Jung-ho chief of the Environment Ministry's planning and coordination division, Lee Chae-pil, head of the Labor Ministry's policy department, Yoon Young-sun, chief of the Ministry of Strategy and Finance's taxation division promoted them to the positions of vices ministers of their respective ministries and departments. Kim Dong-sun, presidential secretary for knowledge economy, became administrator of the Small and Medium Business Administration.

USFK Chief Sees Base Relocation End in 2015

Gen. Walter Sharp, commander of the U.S. Forces Korea (USFK), indicated that it could take five or six years before U.S. troops move to a consolidated military base south of the Han River due to the size and complexity of the massive relocation project. The base relocation had been set by previous USFK commanders for 2008 and later for 2012.

Korea to Host 2011 World Summit of Prosecutors

Korea will host the fourth World Summit of prosecutor generals in June 2011, the Supreme Prosecutor General's Office said Monday. The decision was made in the executive board meeting of the International Association of Prosecutors (IAP) held in Prague, Czech Republic, from March 18 to 20," Cha Dong-won, chief of international cooperation at the prosecutor general's office, told The Korea Times over the phone. Top prosecutors from over 100 countries are expected to participate in the biennial event in 2011, which provides the widest venue for law enforcement officials of the world to exchange views and coordinate in certain areas. Prosecutor General Kim Joon-gyu is the IAP vice chairman and pitched for the right to host the event, Cha said

Sejong Bill to Be Submitted to Assembly

The government plans to submit revision bills for Sejong City to the National Assembly today, a senior official said Monday. The decision was made at a government-ruling party policy coordination meeting held at the prime minister's residence in Seoul, Monday

USFK Will Return Command Bunker for Nothing

The U.S. Forces Korea (USFK) said Tuesday that it will return an underground command bunker to South Korea at no cost under the bilateral Status of Forces Agreement (SOFA). The response came after The Korea Time reported Monday that the USFK was seeking to sell the “CP TANGO” facility on the outskirts of Seoul to South Korea, when its troops move to Pyeongtaek, Gyeonggi Province, in coming years. As for the proposal by USFK Commander Gen. Walter Sharp, the South Korean Ministry of National Defense made it clear that it would not buy the bunker.

Political Parties Spring Up Ahead of Elections

One of the most noticeable and recurring events ahead of elections in Korea is the launch of new political parties. And the upcoming local elections slated for June 2 appear to be no exception. As of Tuesday, a total of 18 parties, including the People's Participation Party founded in January, have qualified to participate. The number is expected to jump to 26, considering that eight more groups have recently registered to launch their own parties with the National Election Commission. The question is how many of the newcomers will continue to exist until the next election.

S. Korean Army to Deploy UAVs for Division Missions

The South Korean Army will deploy 33 unmanned aerial vehicles (UAVs) in its division-level units by 2014 in an effort to boost the country's intelligence-gathering, surveillance and reconnaissance (ISR) capability in line with the planned transition of wartime operational control from the U.S. military to South Korea in 2012. The Defense Acquisition Program Administration (DAPA) will approve the plan next Monday to purchase the UAVs from a domestic aircraft manufacturer through a bidding process this year, a source said. The agency will spend 430 billion won (\$378 million) to acquire the UAVs, he said.

Korea-Congo Summit Due Monday

Joseph Kabila, president of the Democratic Republic of Congo, will visit South Korea from March 28 to 31 for a summit with President Lee Myung-bak on March 29, Cheong Wa Dae announced Tuesday. The summit will focus on strengthening bilateral cooperation in the energy, resources and construction sectors, the presidential office said in a press release. Korea's plan to participate in the African country's projects to build seaports, highways, power plants and other industrial infrastructure will be on the agenda.

Jimmy Carter Opposes Sanctions Against North Korea

Former U.S. President Jimmy Carter criticized international sanctions against Pyongyang, Tuesday, saying ordinary North Koreans take the brunt of the punishment. The Nobel

Peace Prize laureate did not deny that some of the punitive measures were merited but pointed out that common citizens, farmers and workers in the North suffer the most because of them. The 85-year-old former President said the North continues to behave in a provocative way because it fears preemptive military attacks. He also urged Washington and Seoul to have direct talks with Pyongyang to resolve the nuclear standoff.

N Korean asylum seekers caught

SIXTEEN North Korean asylum seekers, including three children, have been arrested in northern Thailand and charged with illegal entry, police said on Tuesday. The group were detained on Monday in Nong Khai province after crossing the Mekong river from neighbouring Laos, local police said.

North Korean Leader Establishing Son as Heir Apparent

North Korean leader Kim Jong-il has been making concerted efforts to establish his youngest son as heir apparent, a top U.S. military officer said Wednesday in Washington, D.C. "Over the past year, Kim has systematically introduced his third and youngest son, Kim Jong-un, as the heir apparent," said Gen. Walter Sharp, commander of the U.S. Forces in Korea, testifying before a House Appropriations Committee hearing. It was the first public acknowledgement by a U.S. official on the power transition. It has been widely rumored that Jong-un is being groomed by his father to take the reins of the communist state. The assessment came as North Koreans deal with a worsening economic and food situation after its 2009 currency revaluation caused severe inflation and savings to be wiped out.

S. Koreans ignorant about war

MORE than half of South Korea's young people do not know what year the Korean War started, according to a nationwide survey conducted to mark the 60th anniversary of its outbreak. The survey results, published on Thursday by Chosun Ilbo newspaper, reveal widespread ignorance about the defining moment in the country's history despite government plans to stage 44 commemorative events this year. The Gallup poll surveyed 1,703 people aged over 13. Among teenagers, 62.9 per cent did not know what year the war started and among those in their twenties the figure was 58.2 per cent.

No Grounds for Terrorism, Only 'Single-Hearted Unity,' In North Korea

In a recent letter to the chairman of the UN Counterterrorism Committee, Sin Son Ho, the permanent representative of North Korea to the United Nations, says there are no grounds for terrorist activities in his country. According to Sin, the Democratic People's Republic of Korea (DPRK) is "one large harmonious family where all people live in single-hearted

unity." It is also a "politically stable country where there are no social or institutional sources that may give rise to terrorism."

UN slams rights abuses in N. Korea, extends scrutiny

The U.N. Human Rights Council on Thursday slammed widespread abuses in North Korea, among them torture and labour camps for political prisoners, and renewed the mandate of its investigator for the state for a year. Adopting a resolution submitted by the European Union, the Council also called on Pyongyang to ensure that food aid is distributed on the basis of need to its hungry population. The reclusive state is already under pressure from world powers to end its year long boycott of nuclear disarmament-for-aid talks

N. Korea vows nuke strikes

North Korea's military accused the United States and South Korea on Friday of trying to topple the Pyongyang regime and said it was ready to launch nuclear attacks to frustrate any provocations. The military General Staff cited a South Korean newspaper report as evidence of 'desperate moves of the US imperialists and the South Korean puppet warmongers' for regime change.

S. Korean Navy Ship Sinks in Disputed Waters

A South Korean Navy patrol ship sank near the disputed western maritime border with North Korea early Saturday after suffering damage to its hull, South Korea's military said. The sinking immediately raised suspicions about the possible involvement of North Korea, whose navy has skirmished with South Korean ships in the waters off the Korean Peninsula. But South Korean officials said it was not clear whether the ship had been attacked by the North.

South Korea says must check reasons for ship sinking

South Korea's President Lee Myung-bak told an emergency government meeting on Saturday that all possibilities must be looked into for causing the sinking of one of its naval ships near a disputed border with North Korea.

South Korea rules out navy ship sunk by North Korea

South Korea on Saturday all but ruled out the chance that North Korea was involved in the sinking of one of its navy vessels near their disputed border. Initial speculation that North Korea might have sunk the ship had spooked Wall Street on Friday. Share prices dipped partly on geopolitical concerns, and the won dropped against the dollar.

"UNIDENTIFIED REASON"

The defense ministry said 58 of the 104 crew on board had been rescued and Yonhap quoted navy officials as saying several had died. It was later quoted as saying 46 were still missing. "An unidentified reason caused a hole in the ship, which led to its sinking. Rescue efforts are under way," the ministry said.

At least 58 rescued from S. Korean ship -US official

At least 58 people have been rescued so far from a sinking South Korean naval ship, which had more than 100 people on board, a U.S. official said on Friday, citing information from the government in Seoul.

US Leaves Open Timing for Wartime Command

The U.S. is ready to transfer the wartime command control of South Korean troops to Seoul as scheduled in 2012, but left open the possibility of a "delay" if the two governments agree, Yonhap reported citing top U.S. military commanders. Conservatives from both Seoul and Washington have called for a delay in the wartime operational control (OPCON) transfer, fearing a possible gap in the joint defense of South Korea after North Korea detonated its second nuclear device and continued testing medium- and long-range missiles last year.

Hopes fade for 46 missing after S. Korea warship sinks

Ships and aircraft searched choppy and frigid seas Saturday for survivors of one of South Korea's worst naval disasters, but hopes faded for 46 missing after an unexplained explosion tore a warship in half. The tragedy happened near the tense disputed Yellow Sea border with North Korea, scene of bloody naval clashes in 1999 and 2002. Seoul officials said there was no sign so far the North was to blame. President Lee Myung-Bak called emergency security meetings and ordered a swift and thorough probe into the sinking Friday evening of the 1,200-tonne corvette near Baengnyeong island.

Economic Front

Electrolux bids for Daewoo

SWEDISH giant Electrolux, the second biggest producer of electrical appliances in the world, has made an offer to buy South Korea's Daewoo Electronics, an Electrolux spokesman said on Wednesday.

S. Korea KOPEC wins \$569 mln. UAE order from KEPCO

Korea Power Engineering Co Inc (KOPEC) (052690.KS), a nuclear power plant designer, said on Thursday it had received a 646.6 billion won (\$569 million) order from its parent

Korea Electric Power Corp (KEPCO) (015760.KS). The order is part of a nuclear project KEPCO won in the United Arab Emirates, KOPEC said in a filing to the Korea Exchange.

GM recalls 60,000 cars

GENERAL Motors Co's South Korean unit plans to recall some 60,000 of the Chevy Cruze small car and the Captiva sports utility vehicle (SUV) in South Korea, the government and the company said on Sunday. GM Daewoo Auto & Technology will recall 45,957 of the Captiva, which is sold as the Winstorm in South Korea, due to defects with the steering system, the Ministry of Land, Transport and Maritime Affairs. It is set to recall the SUVs which were made between April 1, 2006 and Dec 31, 2007, the ministry said in a statement

Why Do Foreigners Sell Off POSCO?

Overseas investors appear to be ending their long-standing love affair with POSCO, the world's fourth-largest steelmaker, which survived the global financial crisis. According to the Korea Exchange (KRX), Monday, the value of POSCO equities held by foreign players reduced by about 3.4 trillion won from 27 trillion won at the end of last year to 23.6 trillion won by March 18 this year. This marks the biggest negative change among the country's top 10 conglomerates, and contrasts to Hyundai Heavy Industries Group, which added up to 1.3 trillion won during the same time span.

KDI Calls for Immediate Rate Hike

The central bank should raise the key interest rate as soon as possible to prevent possible economic bubbles, a renowned state-run think said Tuesday. The local economy appears to be entering the stabilization phase, coming back to a normal pace. So, we need to prevent possible side-effects by upping the key interest rate," Kim Hyun-wook, a senior economist at the Korea Development Institute (KDI), said in a joint seminar with the government in central Seoul. Kim recommended the Bank of Korea (BOK) should not hesitate to act, and said it is time to move on. "It is not too late even if the BOK increases the key interest rate right now." The KDI economist warned that there will be asset bubbles if the central bank continues to keep the historical low interest rate of two percent. But Kim cautioned that the BOK should raise the rate gradually so as not to shock the economy.

Asian Monetary Fund Debuts Today

An Asian version of the International Monetary Fund (IMF) created by ASEAN member countries and Korea, China and Japan will make its official debut today, the Ministry of Strategy and Finance said Tuesday. Under the Chiang Mai Initiative Multilateralization Agreement (CMIM), signed 90 days ago by finance ministers of the member states,

Korea is now allowed to open a credit line of up to \$19.2 billion from the \$120 billion fund whenever it faces a dollar shortage. The fund was originally based on the Chiang Mai Initiative, in which Asian countries agreed to support each other with dollar liquidity in times of crisis. It was a bilateral swap arrangement between Vietnam, Cambodia, Laos, Brunei and Myanmar, and Korea, China and Japan, but was upgraded to the multilateral CMIM financial support program incorporating the 10 ASEAN members - Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam - plus the three Northeast Asian countries.

New US\$14.6b S. Korean city

SOUTH Korea's government sought parliamentary approval on Tuesday to develop a new city into a US\$14.6 billion (S\$20.5 billion) science and education hub, scrapping plans to relocate several ministries there. The bill submitted to the legislature Tuesday faces an uncertain future, with both the main opposition party and a sizeable faction of the conservative ruling Grand National Party (GNP) opposed to it.

Samsung's reclusive Lee returns to lead family firm

SEOUL, March 24 (Reuters) - Lee Kun-hee, the billionaire businessman who returned to head Samsung Electronics (005930.KS), is revered in the giant conglomerate his father founded but rarely seen in public, even playing golf by himself. The softly-spoken Lee, convicted of tax evasion but pardoned by South Korea's president last year, on Wednesday became chairman of the firm he transformed into the world's biggest electronics manufacturer. He is the third son of Lee Byung-chull, who founded what was to become South Korea's most powerful conglomerate in 1938 when the country was under Japanese colonial rule.

VENTURE INTO AUTOS

Samsung, with \$150 billion in assets at 63 units, accounts for about a fifth of the country's exports. Leading its ships-to-insurance business portfolio is Samsung Electronics, the world's biggest maker of memory chips and televisions. The biggest business failure for Lee, who received lung cancer treatment in 1999 and 2000 in the United States, was his foray into the automobile market in 1995. The car unit was sold to France's Renault (RENA.PA) in 2000 after being saddled with heavy debts

Hyundai Card Seeks Sustainable Growth through 'Resetting'

The financial market is expected to undergo a partial recovery this year, but businesses are facing more fierce competition amid tougher regulation. Hyundai Card, one of the most successful players in the financial industry during the past decade, is seeking sustainable growth through a "resetting" strategy, which means going back to the beginning and checking up on its whole operation with the mindset of a beginner.

Thorough Risk Management

Despite the global financial crisis, Hyundai Card turned the year 2009 into a big opportunity. Its operating profit grew by 11 percent in 2009, and it rose to second in the industry in terms of market cap. Thanks to such efforts, Hyundai Card operated stably while others suffered from a credit crunch.

LG in Talks to Expand 3D TV Sales to Europe

LG Electronics is in talks with several satellite TV broadcasters in Europe and North America to supply three dimensional (3D) television sets, a senior company executive said. The world's second-biggest flat-screen television set maker after Samsung Electronics is hoping to strike the supplement deals, Kwon Hee-won, executive vice president and head of LG Electronics' LCD TV business said, Thursday. To achieve this goal, Kwon said it has been sharpening the technology that easily transforms 2D content into 3D. He added the conversion technology will be applied to its next models.

S. Korea to invest \$1 bln in tidal power plants

Korea Western Power Corp (WP) will invest a total of 1.22 trillion won (\$1.07 billion) to build 20 tidal power plants likely from next year through 2014, the government and officials at the utility said on Thursday.

Utilities

The power plants, to be located in about 200 km southwest of Seoul, will have a total capacity of 520 megawatts (MW), the world's largest, they said. Asia's fourth-largest economy, heavily dependent on oil and gas imports, set a voluntary 2020 emissions reduction target last year to a 30 percent reduction from its forecast under a business as usual scenario.

Rusted Hyundai-Kia Cars Recalled in US, but Not in Korea

There has been a long-standing controversy over the difference in quality between domestic and exported vehicles made by Korean carmakers. The answer is still up in the air, but it seems clear that at least there is a difference in the way owners of Hyundai and Kia vehicles are treated at home and abroad. Tackling the recent rust-related issue of the K7, Kia's latest luxury sedan, the maker is refusing to do anything for its local buyers who suffered corrosion damage to their vehicles. However, it turns out the carmaker and its parent company, Hyundai, recalled their products in the United States for the same reason, several times last year. The K7 premium sedan was launched here last November, with a global sales target of 40,000 vehicles in the first year

Per Capita Income Falls to 5-Year Low

The nation's per-capita income fell below \$18,000 in 2009, hitting a five-year low, due mainly to the falling won against the dollar. But the government expects the income to rebound to \$20,000 this year on the back of a fast economic recovery. The gross domestic product (GDP) expanded at the slowest pace in a decade, as Asia's fourth-largest economy was hit hard by plunging sales at home and abroad as a result of the worldwide financial market turmoil. The Bank of Korea (BOK) said Friday that Korea's per capita gross national income (GNI) sank to \$17,175 last year from \$19,296 in 2008. The figure was the lowest since 2004 when each Korean earned \$15,082 on average. In 2009, the Korean won fell about 15.8 percent against the greenback.

S. Korea's Lee calls for close look at household debt

South Korean President Lee Myung-bak on Thursday played down the likelihood of current household debt levels leading to financial uncertainties, but called for close monitoring of the pace of borrowing growth.

LG Elec aims at 25 pct of global 3D TV market

LG Electronics, the world's No.2 TV brand, said on Thursday it was aiming to sell nearly 1 million 3D TVs this year to take one-fourth of the market, joining a growing number of global tech firms betting 3D will become the next hot product. Many manufacturers hope the technology will be as big a boost for the industry as the transition to colour TVs from black and white, although a lack of 3D content and the need for special glasses may keep people from adopting the technology outside the cinema. South Korea's LG Electronics (066570.KS) said on Thursday it wanted to increase market share in 3D TVs more aggressively, hoping to keep its lead over close rival Sony and fight falling prices with premium models.

Daewoo E&C investors agree to sale, Kumho bailout

Financial investors in Daewoo Engineering & Construction (047040.KS) have agreed to terms for the builder's sale and financial support for an affiliate, paving the way for the \$2.6 billion deal, a creditor said on Friday. State-run Korea Development Bank (KDB) plans to acquire a 50 percent stake plus one share in Daewoo, South Korea's fourth-biggest construction firm by market value, from the financial investors and Daewoo's troubled parent, Kumho Asiana Group, through a private equity fund it will raise. The sale is a key part of the restructuring of Kumho Asiana, the country's ninth-biggest business group which bought Daewoo in 2006 in a highly leveraged deal and is facing liquidity problems.

Socio-cultural Façade

Ban on marrying S. Koreans

CAMBODIA has temporarily banned marriages between local women and South Korean men over concerns about human trafficking, officials said on Saturday. The ban was enforced after Cambodian police arrested a woman who had lured 25 girls from rural areas, each of whom paid money to marry South Korean men, government spokesman Koy Kuong said. 'This act was trafficking of women and children,' he said, adding that the Cambodian court recently sentenced the woman to 10 years in prison.

S Korea bans foreign sex offenders

South Korea has revised its immigration rules to impose a lifetime ban on convicted foreign sex offenders and has already deported two people accordingly, a news report said on Sunday. The justice ministry revised the rules last month so as to deport foreigners who have committed sex offences in South Korea or elsewhere, Yonhap news agency said, citing a ministry official.

Korean Peninsula Blanketed by Worst Yellow Dust

The Korean Peninsula experienced its worst case of yellow dust ever recorded Saturday and Sunday, leading the weather administration to advise people to take extra care as more is expected this month. The Korea Meteorological Administration (KMA) posted a special yellow dust warning for most parts of the country Saturday. Drivers and pedestrians said the thick dust clouded their visibility. The particles also kept many people from going outdoors for fear of respiratory problems.

Seoul to Ban Smoking in Public Places

Streets and parks of Seoul City could be designated as non-smoking areas. The 21 members of the Seoul Metropolitan Council proposed an ordinance to prohibit smoking on streets and in parks and plazas within the capital. According to a survey by the Korea Institute for Health and Social Affairs last year, nearly 60 percent of respondents complained about second-hand smoke in public areas. More than 66 percent had complaints about second-hand smoke on streets and 62 percent in restaurants.

All Elementary Teachers May Apply to Be Principals

All elementary teachers may apply for the post of principal in an effort to bring transparency and root out corruption in the promotion process, the Seoul Metropolitan Office of Education said Monday. Corrupt teachers and education officials will be made public, the regional education office said, disclosing its anti-corruption package. It is also a more aggressive version of what Education Minister Ahn Byung-Man reported to

President Lee Myung-bak earlier, that 50 percent of public school chiefs will be chosen through open competition.

Eye Dryness on Increase

The number of people suffering from dry eyes has doubled in the past six years, possibly due to workers staying indoors without adequate ventilation systems. According to research by the National Health Insurance Corporation (NHIC), the number of people treated for lachrymal gland disorders marked 1.5 million in 2008, compared to 744,000 in 2002. The corporation had to spend 77 billion won in 2008 for coverage. Dry eyes is a condition in which a person's eyes do not produce enough tears, or the tears evaporate too quickly. This can lead to eyes drying out and becoming inflamed. In serious cases it can cause visual impairment or scarring of the eye's surface.

8 Percent of Students Have Run Away From Home

Eight out of every 100 teenagers have had one or more experiences of running away from home, mainly because they "hate" their parents, a government report showed Wednesday. Four in 10 have at one time or another felt a strong impulse to leave their home, according to the National Youth Policy Institute. This suggests that parents and children don't communicate well with each other. The institute surveyed a total of 8,533 elementary, middle and high school students aged between 12 and 18 about their family environment and its possible relations to running away.

Korean Teens Fall Prey to New Disorder Internet Addiction

Kim, along with six other full-time psychiatrists, offers counseling services and coaching programs to teen Internet addicts at the center which is run by the Seoul metropolitan government. Kim said the influence of the Internet on secondary school students here is deeper and more widespread than parents may imagine Young, who developed the 20-item questionnaire, dubbed the Internet Addiction Test (IAT), to measure the levels of Internet addiction, said the biggest problem caused by the disorder is social isolation on society. A Ministry of Public Administration and Security survey conducted in 2008 said that 77 percent of Koreans use the Internet. The rate of teenager Internet user is much higher than this average. A Korea Internet and Security Agency survey in 2008 found that 99.9 percent of teenagers here access the Internet and that 85.5 percent of them log on to cyberspace every day. Children staying online for long hours have often led to parent-child conflict. Some parents attempt to remove computers from their children's bedrooms or block them from accessing the Internet to help them focus on their academic performance. Last year, the Ministry of Public Administration and Security found in a survey that nine out of 100 Internet users show signs of pathological use of the Internet. The ministry conducted the survey on 5,500 people aged between nine and 39 from all parts of the country. Interviewers sat down with them for face-to-face interviews and

asked them to answer a 40-point questionnaire to measure levels of Internet addiction. The ministry has fought the new disorder with countermeasures since 2002. Last week, the ministry unveiled a three-year plan to combat the new disorder.

English Teacher Vetting Needs Tightening

Both immigration and education authorities have long turned a blind eye to loopholes in screening "unqualified" foreign English teachers. That inattention occasionally horrifies parents and students when such teachers show their true colors. The latest case involves a Korean-American English teacher, who police said used to be involved in organized crime in Los Angeles. However, the government has not come up with any measures in over a year to block unqualified ethnic Korean English teachers.

Civic Groups Rally Against Executions

Civic and religious organizations rallied Wednesday in opposition of the Ministry of Justice's attempt to resume executions. A confederation of 16 religious organizations and civic activist groups held a press conference at the Korean Christian Building in central Seoul. Ninety-five countries have not executed death-row criminals for over 10 years and are classified as "abolitionist countries." Korea is included in that category. A total of 58 countries still enforce capital punishment, according to Amnesty International.

Legalizing Eligibility of 'Hagwon' Teachers Sought

Education authorities and lawmakers plan to propose a bill to screen out ineligible teachers at private institutes or hagwon. Under the current regulations, Koreans who completed at least two-year college courses are entitled to teach at hagwon without legal binding. Officials from the Ministry of Education, Science and Technology told The Korea Times, Friday that they are likely to submit a bill to ban inadequate teachers from working at hagwon.

China, S. Korea blitz film awards

CHINA and South Korea blitzed the Asian Film Awards this year, dominating top honours including best picture, best actor and best actress at the ceremony in Hong Kong on Monday. Mother, a South Korean mystery thriller about a woman's quest to prove the innocence of her mentally incapacitated son by taking it upon herself to investigate the murder of a teenage girl, grabbed the best film award. Kim Hye Ja, who played the mother, beat China's Li Bingbing and Japan's Matsu Takako to the best actress award. Chinese director Lu Chuan won the best director award for his feature film City of Life and Death, which tackles the Nanjing Massacre in 1937, where hundreds of thousands of Chinese civilians were killed by Japanese soldiers.

Books get the 3D treatment in South Korea

Pop-up is so passe: South Korean scientists have developed 3D technology for books that make characters literally leap off the page. The popularity of 3D entertainment has been given a boost by a slew of recent films, including sci-fi blockbuster "Avatar" and Tim Burton's "Alice in Wonderland." Several companies are also offering 3D televisions and a 3D video game console will be launched soon. At South Korea's Gwangju Institute of Science and Technology, researchers used 3D technology to animate two children's books of Korean folk tales, complete with writhing dragons and heroes bounding over mountains.

Salty diet tied to stomach cancer in Korean study

A salty diet may increase the risk of stomach cancer by 10 percent, South Korean researchers found in a study of more than 2 million people. They found a "weak but positive" association between a preference for salt and an increased risk of stomach cancer. Although the mechanisms by which salt may be involved in the development of stomach cancer remain unclear, "restricting salt intake is thought to be beneficial for preventing gastric cancer," Jeongseon Kim and colleagues from the National Cancer Center Research Institute in Goyang-si, South Korea, note in the American Journal of Clinical Nutrition. Gastric cancer no longer ranks among the 10 most common cancers in this country, Jacobs mentioned. Still, the American Cancer Society estimates that there were about 21,000 new cases of gastric cancer and 11,000 deaths from gastric cancer in the U.S. in 2009.

Japan

Politico-Strategic Front;

Japan planning 14 nuke plants

Japan is planning to build at least 14 nuclear power plants over the next 20 years to reduce its reliance on other countries for its energy needs, a report said on Sunday. The world's second biggest economy, which wants to double its provision for its fuel consumption, will make an announcement in June on whether it intends to press ahead with the plants, the Nikkei business daily said. Japan has few energy resources and relies on nuclear power from 53 plants for nearly one third of its domestic electricity needs.

E. Asia currency swap pact

EAST Asian nations on Wednesday officially launched a US\$120 billion (S\$168 billion) regional currency swap agreement, giving them a safety net against future liquidity shortages. Asian finance ministers, meeting in the Thai city of Chiang Mai in 2000, endorsed a network of bilateral currency swap deals to avoid a recurrence of the 1997-98 regional financial crisis. Japan and China will each provide 32 per cent, US\$438.4

billion , of the total. South Korea will contribute US\$19.2 billion or 16 per cent, with the remaining US\$24 billion shared between the 10 Asean members.

Japan Will Propose Helipad at Camp Schwab Today, Sankei Says

Japan will propose to the U.S. constructing a 600 meter (1,969 foot) helipad at Camp Schwab in Nago, Okinawa, the Sankei newspaper reported, citing officials it didn't identify.

Backlash over foreign vote bid

A PLAN by Japan's centre-left leaders to give foreigners the vote in local elections has sparked a conservative backlash, showing that ethnic minority issues can touch a raw nerve in the country. The idea is to grant local and regional, but not national, suffrage to one million permanent residents of ethnic Korean, Chinese and other foreign backgrounds, both those who were born overseas and their descendants. But when the Democratic Party of Japan (DPJ) under Prime Minister Yukio Hatoyama floated the idea for the current parliamentary session, a key coalition partner quickly managed to derail the plan, at least temporarily.

Japan PM urges defence savings

JAPANESE Prime Minister Yukio Hatoyama urged closer scrutiny of defence spending in order to find savings on Monday, while affirming full commitment to the alliance with the United States. Addressing a graduation ceremony at the National Defence Academy, Mr Hatoyama gave few details on where savings might be found, but noted the country's finances were under strain. 'Even the United States, whose defence budget is growing... is trying to reduce drastically what they have judged unnecessary,' he said.

U.S. 'optimistic' on Japan base decision - military

A top U.S. military commander said on Wednesday he was optimistic Japan would soon agree to the planned relocation of a U.S. airbase, a dispute that has strained U.S.-Japan ties. Admiral Robert Willard, head of U.S. Pacific Command, told lawmakers he believed Prime Minister Yukio Hatoyama would stick to a 2006 accord that included shifting the Marines' Futenma airbase to a less crowded spot on Japan's Okinawa island.

UN meeting fails to protect marine species

Aggressive lobbying from Asian nations led by Japan killed all efforts to protect marine species at a U.N. meeting, leaving environmentalists fuming Thursday that efforts to conserve bluefin tuna and sharks were undermined by commercial interests. The bid to regulate the trade was also hampered by concerns from poor nations that such measures would devastate their fishing economies at a time that many were just emerging from recession. The 175-nation Convention on International Trade in Endangered Species, or CITES, opened two weeks ago with calls from the United States and Europeans to give a

lifeline to overfished oceans. Delegates also approved protection measures for 24 lesser plant, reptile and insect species, including the spectacular *Dynastes satanas* beetle and the spiny-tailed iguanas of Latin America. "Japan clearly mobilized massive efforts to keep fisheries out of CITES," said Mark W.

Japan says it won't comply with bluefin tuna ban

Japan and the United States keep rubbing each other the wrong way. Last fall, it was a quarrel -- still unresolved -- over the location of a noisy U.S. military airfield in Okinawa. This year, the stormy U.S. reaction to Toyota's recall troubles has been interpreted by many people here as Japan-bashing. Now, the trouble is fish. Japan, which eats an estimated three-quarters of the world's annual bluefin catch, announced Thursday that it would not comply with such a ban.

Russia says ship resumes sailing off Japan

The Russian Navy says one of its surveillance ships has resumed sailing through the Sea of Japan after reports that it was drifting and taking on water. A statement from the navy, transmitted by state news agencies, did not confirm the earlier reports citing an unnamed representative of the Pacific Fleet.

Economic Frontage

Japan's record budget passed

JAPAN'S parliament approved on Wednesday a record US\$1 trillion (S\$1.4 trillion) budget for the fiscal year from April, with an all-time high of 44.3 trillion yen in new bond issuance underlining the country's tattered finances. Prime Minister Yukio Hatoyama has said he sees no need for economic stimulus now as the risk of a double-dip recession is receding. But he added that the government should be ready to act if necessary given lingering downside risks such as unemployment.

A tiny coalition partner in the Democratic Party-led government has called for 11 trillion yen in fresh stimulus to boost the economy before an election expected in July, amid sliding support for the government.

Toyota will replace pedals for unhappy owners

Toyota owners who are dissatisfied with the repairs to their vehicles covered by a massive recall to address sticky gas pedals can have replacement accelerator pedals installed, according to a memo the company sent to dealers. The Japanese automaker said in a memo obtained Tuesday by The Associated Press that if a customer is unhappy with the feel of the accelerator after the car is repaired, dealers can provide a replacement pedal at no charge. Dealers have been inserting a piece of metal into the gas pedal mechanism to eliminate friction that was causing the pedal problem on 2.3 million vehicles involved in a January recall.

Japan govt to see fund shortage

JAPAN'S government may need to issue more bonds or drop some spending plans as it faces a shortage of up to 7 trillion yen (S\$109 billion) in funds in the year to March 2012, the Nikkei newspaper reported. An increase in bond issuance would raise the spectre of a cut in Japan's sovereign ratings as the national debt is nearing 200 per cent of its gross domestic product, analysts say. Fitch, Moody's and Standard and Poor's have all warned Japan it faces a ratings downgrade, which could raise the borrowing costs for the most indebted of the industrialised nations and rattle investors who are already nervous about Greece's debt and the sovereign risk facing other European nations.

JAL to end cargo-only flights

JAPAN Airlines on Thursday said it will end cargo-only flights at the end of October as part of efforts to turn around its loss-making operations after it filed for bankruptcy.

But Asia's largest carrier will continue operations by using the cargo space on both its international and domestic passenger flights, it said in a statement. Its cargo business 'will shift from using a combination of freighter flights and passenger flights to exclusively utilising the belly space of passenger flights'. It said the move was 'a new cargo business structure that aims to secure a stable profit and that can boost the recovery of JAL's financial standing'.

Japan's trade surplus up 9-fold

JAPAN posted a more than nine-fold jump in trade surplus to US\$7.2 billion (S\$10.1 billion) in February with exports surging 45.3 per cent from a year earlier, official data showed on Wednesday. Japan's overall trade surplus came to 651.0 billion yen (S\$10.1 billion) in the month, soaring from the year-before surplus of 70.8 billion yen on recovering exports. The surplus was bigger than 550 billion yen the market had expected.

Supplier stops animal testing

THE world's largest supplier of green tea has stopped testing its products on animals, a procedure previously used to verify the health claims used to market the beverage.

'It may cost extra money to carry out alternative tests, but we believe protecting animals is a global trend,' said Ikuo Sato, a spokesman for Ito En of Japan, in a statement Tuesday welcomed by animal rights' activists.

Toyota aims to slash costs

Toyota plans to reorganise its Japanese manufacturing operations in a bid to boost productivity and slash costs, the world's biggest automaker said on Thursday. Toyota is aiming for annual savings of about US\$1 billion (S\$1.41 billion), said a newspaper report, sending its share price higher despite the looming threat of a mass class action in the United States over vehicle safety defects. The auto giant said it will for the first time reorganise domestic output operations by type and size of vehicles across the group's firms. The Toyota group now makes vehicles at 17 plants in Japan, including four facilities operated by its affiliates, small-car maker Daihatsu and truck manufacturer Hino. One of Japan's most iconic companies, Toyota has been battered both by the global economic downturn and by its massive safety woes over faulty accelerator and brake systems

Japan's said wednesday exports up 45% percent in Feb Shipments to Asia account for more than half of total exports

Japan says exports in February jumped 45.3 percent from a year earlier, fueled by robust global demand for cars and electronics. Exports grew to 5.13 trillion yen (\$56.7 billion), marking the third straight month of year-on-year rise, the finance ministry said Wednesday. Car shipments to the world surged 117 percent, while electronic machinery exports climbed 46 percent. General machinery rose 31.5 percent. Among key markets, Asia-bound exports rose 56 percent from a year earlier to 2.78 trillion yen. The figure underscored the growing importance of Asian markets in Japan's economic recovery.

Toyota lifts 2010 global vehicle production plan

Toyota Motor Corp has lifted its global production plans by 1% to 7.57 million vehicles for 2010, anticipating better demand in Japan and other Asian markets, a source at a group company said yesterday. The world's biggest automaker had told its suppliers in December that it planned to produce 7.49 million vehicles in 2010, but would notify them of the latest revision later yesterday, the source told *Reuters*, declining to be identified. Fuelled by subsidised demand for fuel-efficient cars in Japan, Toyota lifted its domestic production plan by 40,000 units, the source said.

Toshiba eyes Gates nuclear alliance, chip plant

Japan's Toshiba Corp said it is in talks with a company backed by Microsoft Chairman Bill Gates to jointly develop advanced nuclear reactors, helping push Toshiba's stock up nearly 5 percent. Separately, Toshiba announced that it would restart plans to build a NAND flash memory factory due to a recovery in demand. It will start construction on the plant in July and begin production in early 2011. That compares with conventional light-water reactors, which require refuelling once every several years.

Toyota names US exec to head quality task force

Toyota on Thursday named a top U.S. executive to head a North American quality task force, as the automaker looks to beef up quality controls following millions of vehicle recalls. Steve St. Angelo, executive vice president of Toyota's U.S. manufacturing operations in Erlanger, Ky., becomes the company's chief quality officer in North America. St. Angelo also will sit on a separate quality review committee that will meet regularly with Toyota President Akio Toyoda. The first meeting will take place Tuesday in Japan.

Washington post Japan's economy rebounds in February

Japan's economy is leaping to life, with surging exports to China and the United States and rising expectations for robust growth throughout the coming year. As China and much of Asia stormed back from recession in the past year, Japan had stood out as the weak sister in the region, with stagnant employment, creeping deflation and a humiliating quality-and-credibility scandal at Toyota, the country's largest and most-respected company. But data released Wednesday by the Finance Ministry show that, when the world is in a buying mood, the world's second-largest economy has lost none of its ability to export high-quality consumer electronics, automobiles, heavy equipment and assembly-line machinery.

Socio-Cultural Façade

Protection for 2 shark species fails at UN meeting

Japan and China on Tuesday torpedoed proposals to protect hammerhead and oceanic whitetip sharks - heavily sought for their prized fins - in the latest victory of fishing interests over global conservation efforts. The defeat of the U.S.-backed measures was part of an aggressive campaign by the Asian nations to oppose all marine proposals at the

175-nation Convention on International Trade in Endangered Species. They also defeated an export ban on Atlantic bluefin tuna, a proposal to regulate the coral trade and a separate shark conservation plan.

Japan pledges to raise Haiti aid

JAPAN Foreign Minister Katsuya Okada has vowed to increase the country's financial aid package for quake-devastated Haiti, already worth US\$70 million (S\$97.75 million), Japanese media said on Sunday. He made the pledge when he met Haitian President Rene Preval in Port-au-Prince Saturday after inspecting Japanese troops involved in United Nations peace-keeping operations in the Caribbean island nation, reports said.

Japanese held over massive fraud

THAI police said on Tuesday they have arrested a Japanese man accused of defrauding people of some US\$62 million (S\$86.7 million) through investment scams in his home country. Mamoru Nagano, 65, was arrested in the upmarket Sukhumvit area of Bangkok on Monday at the request of the Japanese embassy, said Colonel Wiwat Kamchamnan from the immigration police. Nagano is accused of violating investment law in Japan, defrauding a large number of people of a total of 5.6 billion yen in Hiroshima city.

Strong winds buffet Japan

STRONG winds buffeted Japan over the weekend, killing at least one person and injuring 46 others while disrupting air, land and sea traffic, officials and press reports said on Sunday. The strong winds of around 60 kilometres an hour also sent out of control an annual burn at an army firing range at the foot of Mount Fuji on Saturday, killing three fire officials, police said. A strong low-pressure system moved over the Japanese islands from west to east, packing winds of up to 135 kilometres an hour, the Japan Meteorological Agency said.

Japan's 'monster parents'

BREAKFAST for parents at day-care centres, laundry and nail-clipping done at school, a pick-up service by teachers - these are some of the requests from Japan's so-called 'monster parents'. The increasingly outrageous demands have driven teachers' stress levels to record heights and led the Tokyo city government to publish a handbook on tips to cope with them. More than 60,000 teachers and other workers at Tokyo's public schools will get a copy by the end of March in a 10-million-yen (S\$160,000) project.

Big in Japan? Fat chance for nation's young women, obsessed with being skinny

As women in the United States and across the industrialized world get fatter, most Japanese women are getting skinnier. Still, many view themselves as overweight. The trend is most pronounced among women in their 20s. A quarter-century ago, they were twice as likely to be thin as overweight; now they are four times more likely to be thin. For U.S. women of all ages, obesity rates have about doubled since 1980, rising from 17 percent to 35 percent.

Worthless' Home Syndrome Targeted as Japan Promotes Renovation

Japan's government, faced with more houses than households, is encouraging people to renovate their homes as a step toward creating a strong resale market. Prime Minister Yukio Hatoyama's administration is offering environmental incentives to homeowners to remodel, rather than follow the postwar scrap-and-build policy of tearing down old houses. The ruling Democratic Party of Japan aims to boost sales of existing homes and extend their lifespan from an average of 30 years, compared with 55 in the U.S. Executives say they're adapting as Japan's population decreases in one of the world's fastest-aging countries.

South Korea

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Detailed News:

Lee Replaces Six Vice Ministers

President Lee Myung-bak named Eom Jong-sik, chief of the special office for inter-Korean dialogue at the Ministry of Unification, as vice unification minister, Sunday.

In a reshuffle affecting six vice ministers, Ahn Hyun-ho, chief of the Ministry of Knowledge Economy's industry and economy division, was promoted to first vice knowledge economy minister.

Moon Jung-ho, chief of the Environment Ministry's planning and coordination division, was named vice environment minister, while Lee Chae-pil, head of the Labor Ministry's policy department was promoted to vice labor minister.

Yoon Young-sun, chief of the Ministry of Strategy and Finance's taxation division, was named to head the Korea Customs Service.

Kim Dong-sun, presidential secretary for knowledge economy, became administrator of the Small and Medium Business Administration.

"Those appointed as vice ministers are figures who have played crucial roles in bridging their ministers to officials and by doing so they contributed to setting the system in place in the earlier period after President Lee Myung-bak was sworn in," said presidential spokeswoman Kim Eun-hye.

President Lee plans to nominate the minister of public administration and security this month, she said.

The post was vacated by Lee Dal-gon, who declared his bid to run in the June 2 election for governor of South Gyeongsang Province.

USFK Chief Sees Base Relocation End in 2015

Gen. Walter Sharp, commander of the U.S. Forces Korea (USFK), indicated that it could take five or six years before U.S. troops move to a consolidated military base south of the Han River due to the size and complexity of the massive relocation project.

Sharp, who also serves as chief of the ROK-U.S. Combined Forces Command and the United Nations Command, made the remarks in an interview with the Stars and Stripes, a U.S. military news paper.

The four-star general didn't give an exact date for the move, according to the newspaper. The base relocation had been set by previous USFK commanders for 2008 and later for 2012.

The move of U.S. troops to south of Seoul is part of a broader U.S. military realignment abroad and also a major step in the USFK shifting to a supporting role in the next few years as the South Korean military assumes the key responsibility for its national defense.

Observers see the mission of Camp Humphreys, the consolidated base in Pyeongtaek, Gyeonggi Province, will be gradually less focused on the threat from North Korea and more on threats elsewhere in the region. Works to expand the camp are under way with investment of some \$13 billion.

"We're progressing well," Sharp said, adding there are still difficulties coordinating construction and moving troops and their families.

The move to Humphreys will roughly halve the number of U.S. military installations in South Korea from about 105 to 45, said the commander.

Sharp said he was satisfied with the results of the latest Key Resolve joint war exercises with the ROK military, which ended last Thursday.

Part of the exercise tackled what the two countries would do during and before a North Korean attack, including trying to deescalate the crisis before it turns into a war and how to bring in additional troops, he said.

Citing the South Korean staff's active participation in the simulation-driven command-post exercise, Sharp said, "They were in the battle rhythm of us making decisions, of us coordinating with them, of them giving recommendations.

"It was more than them just watching us. It was them participating with us," he added.

South Korean commanders will take over operational control of their troops during wartime beginning April 17, 2012. Currently, the USFK commander holds the responsibility.

About 28,000 U.S. forces are stationed here as a deterrent against North Korea.

Korea to Host 2011 World Summit of Prosecutors

Korea will host the fourth World Summit of prosecutor generals in June 2011, the Supreme Prosecutor General's Office said Monday.

The decision was made in the executive board meeting of the International Association of Prosecutors (IAP) held in Prague, Czech Republic, from March 18 to 20," Cha Dong-won, chief of international cooperation at the prosecutor general's office, told The Korea Times over the phone.

Top prosecutors from over 100 countries are expected to participate in the biennial event in 2011, which provides the widest venue for law enforcement officials of the world to exchange views and coordinate in certain areas.

Prosecutor General Kim Joon-gyu is the IAP vice chairman and pitched for the right to host the event, Cha said.

The prosecutors' global summit was originally scheduled for Chile. But the South American country gave up its hosting rights because of a recent earthquake. Argentina was trying to host the 2011 event as Chile's replacement but Korea was chosen with the support of all participant countries but Argentina.

The summit was first held in Guatemala in 2004 under the auspices of the United Nations' anti-drug office. The Seoul summit will be the first biennial event to be held at IAP's initiative, at the request of the UN during the 2009 meeting in Romania. About 102 countries' top prosecutors participated in that meeting.

Korea hosted the IAP general meeting in 2004 and its regional conference in 2008.

Sejong Bill to Be Submitted to Assembly

The government plans to submit revision bills for Sejong City to the National Assembly today, a senior official said Monday.

The decision was made at a government-ruling party policy coordination meeting held at the prime minister's residence in Seoul, Monday.

“Participants agreed to submit the revision plans for adequate deliberation on the bills ahead of an extraordinary National Assembly which is to open early next month,” the official said on condition of anonymity.

Last Tuesday, the Cabinet approved bills calling for the cancellation of a project to relocate nine ministries and four government agencies to a new administrative town in South Chungcheong Province.

USFK Will Return Command Bunker for Nothing

The U.S. Forces Korea (USFK) said Tuesday that it will return an underground command bunker to South Korea at no cost under the bilateral Status of Forces Agreement (SOFA).

The response came after The Korea Time reported Monday that the USFK was seeking to sell the “CP TANGO” facility on the outskirts of Seoul to South Korea, when its troops move to Pyeongtaek, Gyeonggi Province, in coming years.

As for the proposal by USFK Commander Gen. Walter Sharp, the South Korean Ministry of National Defense made it clear that it would not buy the bunker.

“Under the Status of Forces Agreement, the Republic of Korea grants land and facilities to USFK,” the USFK said in a news release.

“The USFK will return SOFA granted land and facilities back to the ROK government when we are done using it for mutual defense,” it said.

The statement, however, failed to elaborate whether or not key communication and computer systems will be kept intact when the relocation is made.

A USFK official reconfirmed that the bunker will be given to South Korea free of charge when the relocation of U.S. bases is implemented, though the exact timeframe of the base move has yet to be fixed.

CP TANGO is the main command and control center from which U.S. military leaders would direct any combat against North Korea.

The granite bunker is reputed to be able to withstand even a nuclear blast as well as survive any biological and chemical attack. The center, built on about 30,000 square

meters of land, has a war room where top military commanders can receive battlefield situations around the clock and hold video teleconferences.

Political Parties Spring Up Ahead of Elections

One of the most noticeable and recurring events ahead of elections in Korea is the launch of new political parties. And the upcoming local elections slated for June 2 appear to be no exception.

As of Tuesday, a total of 18 parties, including the People's Participation Party founded in January, have qualified to participate.

The number is expected to jump to 26, considering that eight more groups have recently registered to launch their own parties with the National Election Commission.

The question is how many of the newcomers will continue to exist until the next election.

A total of 142 political parties have emerged since 1963, when the Political Party Law was revised.

Figures show that less than 13 percent of them have survived and their average life span is only three years.

The total number of parties exceeds 300 if you count all political parties that have been registered with the commission since the inauguration of the Republic of Korea in 1948.

Only one party, namely the governing Grand National Party (GNP), has existed for more than 10 years.

The GNP, the oldest party in Korea, was founded in November 1997, while the second oldest party, the Democratic Labor Party (DLP), was established in May 2000. The main opposition Democratic Party (DP) was launched in February 2008.

Another reason for such a short life span of political parties is the recurring mergers and renaming of parties right before elections.

For instance, the New Korea Party was renamed the GNP in 1996, ahead of the 1997 presidential election.

The DP has had several names since 1987, such as the Uri Party, the Unification Democratic Party and the United Democratic Party.

Observers here say strong distrust of politicians among Koreans can partly be attributed to opportunistic political parties emerging or regrouping ahead of major political events without clear policy goals.

S. Korean Army to Deploy UAVs for Division Missions

The South Korean Army will deploy 33 unmanned aerial vehicles (UAVs) in its division-level units by 2014 in an effort to boost the country's intelligence-gathering, surveillance and reconnaissance (ISR) capability in line with the planned transition of wartime operational control from the U.S. military to South Korea in 2012.

The Defense Acquisition Program Administration (DAPA) will approve the plan next Monday to purchase the UAVs from a domestic aircraft manufacturer through a bidding process this year, a source said.

The agency will spend 430 billion won (\$378 million) to acquire the UAVs, he said.

The Army currently operates five sets of corps-level battlefield reconnaissance RQ-101 UAVs, each set including six aircraft, a launcher and a ground-control station.

The agency had originally planned to introduce 17 reconnaissance drones to be operated at division level, but has increased the number to prepare for the takeover of the wartime command. How to execute the country's independent ISR missions is key to the command transition.

Korea Aerospace Industries (KAI), the maker of the RQ-101, and Korean Air Aerospace, the manufacturing division of the airline, are preparing bids.

KAI will offer the lightweight tactical Night Intruder NI-100N, or D-UAV, that uses a parachute recovery system. The model is a modified variant of the NI-100, which uses a net recovery system.

The prototype of the NI-100N underwent successful test trials last year and is waiting on more upgrades to meet the Army's requirements, a KAI official said.

"With its compact size and lightweight air vehicle and ground control station equipped with data link, launcher and parachute/airbag recovery system, the NI-100N is an optimum UAV solution for the Army's ISR needs," the official said.

The UAV is retrieved by soft landing, with the assistance of a parafoil and inflatable airbag. By using the parachute recovery system and a lighter launcher, troops can conduct missions in almost all field environments and weather conditions with mobility, as it allows air vehicle recovery on unprepared terrain, the official said.

The 2.5-meter-long UAV has a service ceiling of three kilometers and a mission radius of 60 kilometers. It can operate for up to six hours and has a speed of 90 to 180 kilometers per hour. Its maximum takeoff weight is 100 kilograms.

Korean Air is expected to offer its KUS-9, made of carbon-fiber reinforced plastic.

The aircraft has a boom-mounted tail and lands by flying into a net at a speed as low as 90 kilometers per hour.

The KUS-9 has a service ceiling of four kilometers and a maximum speed of 200 kilometers per hour, according to Korean Air officials.

The aircraft has a cruise speed of 140 kilometers per hour and an endurance of six hours. Its maximum range for communications is 60 kilometers.

Korean Air, a national flag carrier, was selected in 2008 to develop a homegrown medium-altitude UAV to be operational after 2016.

It will develop and integrate the spy plane's fuselage and related systems, including a ground-control station and mission equipment package, in cooperation with the state-funded Agency for Defense Development.

Following three years of preliminary research and development between 2008 and 2011, the company will begin full-scale development and integration between 2012 and 2016.

Korea-Congo Summit Due Monday

Joseph Kabila, president of the Democratic Republic of Congo, will visit South Korea from March 28 to 31 for a summit with President Lee Myung-bak on March 29, Cheong Wa Dae announced Tuesday.

The summit will focus on strengthening bilateral cooperation in the energy, resources and construction sectors, the presidential office said in a press release.

Korea's plan to participate in the African country's projects to build seaports, highways, power plants and other industrial infrastructure will be on the agenda.

The leaders will also discuss Korea's move to increase development aid to African nations to help their economic growth and increase diplomatic and cultural exchanges with them, according to the office.

During his stay, President Kabila will meet with South Korean business leaders, receive an honorary doctorate from Hanyang University and tour southern industrial cities.

The two countries forged diplomatic ties in 1963. Kabila's trip to Korea will be his second following a previous visit in 2005.

Jimmy Carter Opposes Sanctions Against North Korea

Former U.S. President Jimmy Carter criticized international sanctions against Pyongyang, Tuesday, saying ordinary North Koreans take the brunt of the punishment.

“Sanctions or embargos against a nation because of a policy of our leaders were unacceptable,” he said in a lecture at Korea University in Seoul, from which he received an honorary doctorate. “In almost every case these sanctions were counterproductive.”

The Nobel Peace Prize laureate did not deny that some of the punitive measures were merited but pointed out that common citizens, farmers and workers in the North suffer the most because of them.

“North Koreans have been suffering now for 50 years, not only because of the policy of their government in Pyongyang but because the international community increases their suffering by forbidding normal trade, commerce and the supply of the basic necessities of life,” he said.

The former U.S leader said it would be unlikely for the North Koreans to back down unless the United States meets the basic demands received from North Korean leader Kim Il-sung in 1994: Direct talks with Washington with promised actions being confirmed, step by step.

“I don't believe this (the ongoing punishment) weakens the authority of their government and leaders, I think it probably strengthens the authoritarian regime in Pyongyang,” he said.

The 85-year-old former President said the North continues to behave in a provocative way because it fears preemptive military attacks.

He also urged Washington and Seoul to have direct talks with Pyongyang to resolve the nuclear standoff.

“No one can predict the final answer from Pyongyang, but there is no harm in making a major effort, including unrestrained direct talks. The initiative must be from America and South Korea,” he said.

The North agreed in principle to denuclearize under two six-party agreements made in 2005 and 2007, but then carried out two nuclear tests in 2006 and 2009.

(The Straits Times) N Korean asylum seekers caught

BANGKOK - SIXTEEN North Korean asylum seekers, including three children, have been arrested in northern Thailand and charged with illegal entry, police said on Tuesday.

The group were detained on Monday in Nong Khai province after crossing the Mekong river from neighbouring Laos, local police said.

'They came from a village in North Korea... through China and Laos. It took them 20 days,' a marine police officer in Nong Khai told AFP, saying the group included two girls and a boy, aged between three and eight.

North Koreans are fleeing their impoverished hardline communist homeland in rising numbers, partly because of continued food shortages.

Virtually all North Koreans seeking to leave their country cross into China, but they risk forced repatriation if caught there, so they often travel on to Southeast Asia in the hope of eventual resettlement in South Korea or the West. -- AFP

North Korean Leader Establishing Son as Heir Apparent

North Korean leader Kim Jong-il has been making concerted efforts to establish his youngest son as heir apparent, a top U.S. military officer said Wednesday in Washington, D.C.

"Over the past year, Kim has systematically introduced his third and youngest son, Kim Jong-un, as the heir apparent," said Gen. Walter Sharp, commander of the U.S. Forces in Korea, testifying before a House Appropriations Committee hearing.

It was the first public acknowledgement by a U.S. official on the power transition. It has been widely rumored that Jong-un is being groomed by his father to take the reins of the communist state.

The assessment came as North Koreans deal with a worsening economic and food situation after its 2009 currency revaluation caused severe inflation and savings to be wiped out.

Gen. Sharp also said that "the role of the military in Pyongyang's decision-making apparatus appears to be more prominent as highlighted by last year's expansion of the National Defense Commission (NDC) authorities."

Last year, the commission appointed several military officers to the NDC — the country's highest-ranking body — in what is regarded as an attempt to position within it figures close to Kim in order to help Jong-un consolidate power.

Gen. Sharp said that despite public discontent over the disastrous currency revaluation, loyalty to Kim Jong-il among the North's ruling elite "appears unwavering," given that their "privileged position apparently rests upon the continuance of the status quo."

But he did not rule out a possible collapse of the regime, saying, "We would also be mindful of the potential for instability in North Korea.

"Combined with the country's disastrous centralized economy, dilapidated industrial sector, insufficient agricultural base, malnourished military and populace, and developing nuclear programs, the possibility of a sudden leadership change in the North could be destabilizing and unpredictable."

In regards to the health of the 68-year-old North Korean leader, Gen. Sharp said: "Kim Jong-il appears to have recovered from an apparent stroke in the summer of 2008 and remains in full control of North Korea," he said.

(The Straits Times) S. Koreans ignorant about war

SEOUL - MORE than half of South Korea's young people do not know what year the Korean War started, according to a nationwide survey conducted to mark the 60th anniversary of its outbreak.

The survey results, published on Thursday by Chosun Ilbo newspaper, reveal widespread ignorance about the defining moment in the country's history despite government plans to stage 44 commemorative events this year.

The Gallup poll surveyed 1,703 people aged over 13. Among teenagers, 62.9 per cent did not know what year the war started and among those in their twenties the figure was 58.2 per cent.

Overall, 60.9 per cent of respondents knew the war began in 1950 but the remainder either did not know or gave the wrong date. The three-year conflict began with a North Korean invasion on June 25.

Asked which country was responsible for it, 43.9 per cent blamed North Korea; 16.9 per cent blamed both Koreas; 11.5 per cent Japan and China; 10.9 per cent the United States; 8.5 per cent the Soviet Union; and 2.3 per cent South Korea alone.

Some 43.8 per cent feared the North could provoke another war while 52.2 per cent saw no such danger. A similar survey in 1995 showed 52.7 per cent were fearful. Around 70 per cent of respondents wanted reunification while 26 per cent - more than triple the figure in 2001 - preferred the status quo, Chosun said. – AFP

(RFE/RL) No Grounds for Terrorism, Only 'Single-Hearted Unity,' In North Korea

In a recent letter to the chairman of the UN Counterterrorism Committee, Sin Son Ho, the permanent representative of North Korea to the United Nations, says there are no grounds for terrorist activities in his country.

According to Sin, the Democratic People's Republic of Korea (DPRK) is "one large harmonious family where all people live in single-hearted unity." It is also a "politically

stable country where there are no social or institutional sources that may give rise to terrorism."

Despite its firm stand that there are no grounds for terrorism in North Korea, the letter cites relevant articles in the DPRK's penal code concerning terrorist activities. The penalties are described as "reform through labor."

The letter says that Pyongyang has taken a series of measures to raise awareness in its citizens because "the moves of hostile forces abroad aimed at overthrowing its system have gone beyond the danger limits in recent years."

Another interesting element in the letter is the description of immigration procedures for foreigners in North Korea, a country which requires exit visa not only for its own citizens but for visiting foreigners, as well. It states that if a foreigner possesses a "soiled" document, he/she shall not leave the country.

Although the DPRK has been a UN member since 1991, its diplomats make public appearances only rarely and as a rule do not speak to journalists.

Ambassador Sin's predecessor, Pak Kil-Yon, made statements in English outside the UN Security Council in 2006 and 2007 when the issue of North Korea's nuclear activities was discussed, but he never responded to questions.

North Korea officially has eight staff members at its UN mission in New York but is one of a handful of states that do not have a UN website.

Ambassador Sin distinguished himself in October 2008 by being the first North Korean official to acknowledge at a UN General Assembly session that Pyongyang had developed a nuclear weapon.

(Reuters) UN slams rights abuses in N. Korea, extends scrutiny

GENEVA, March 25 (Reuters) - The U.N. Human Rights Council on Thursday slammed widespread abuses in North Korea, among them torture and labour camps for political prisoners, and renewed the mandate of its investigator for the state for a year.

Adopting a resolution submitted by the European Union, the Council also called on Pyongyang to ensure that food aid is distributed on the basis of need to its hungry population.

The reclusive state is already under pressure from world powers to end its year long boycott of nuclear disarmament-for-aid talks.

South Korea, Japan and the United States were among 28 states voting in favour, while North Korea's major ally China and Russia were among five against. Thirteen abstained and one delegation was absent for the vote at the 47-member forum.

The Council deplored "the grave, widespread and systematic human rights abuses in the Democratic People's Republic of Korea, in particular the use of torture and labour camps against political prisoners and repatriated citizens of DPRK". Choe Myong Nam, a North Korean diplomat in Geneva, rejected the resolution as "politically motivated" and "full of distortions and fabrications".

Vitit Muntarbhorn, U.N. special rapporteur on human rights in North Korea, said in a report this month that human rights violations were "harrowing and horrific" in the country.

These included public executions, a pervasive spying system, and a distorted food distribution favouring the elite.

The Thai jurist, who has held the independent post since 2004, is due to be replaced in June after the maximum 6 years.

He has never been allowed to visit the country but his reports are based on information from sources including rights groups, U.N. agencies and interviews with North Korean refugees.

The Council called on Pyongyang to ensure "full, rapid and unimpeded access of humanitarian assistance that is delivered on the basis of need".

Separately, Josette Sheeran, head of the U.N.'s World Food Programme (WFP), told a news briefing on Thursday that North Koreans suffered high levels of acute and serious malnutrition.

The agency says 6.2 million out of North Korea's population of 23 million need food aid, but it is only able to reach 1.5 million, mainly young children and women, due to lack of funds.

"It is a challenging environment," Sheeran said.

(The Straits Times) N. Korea vows nuke strikes

SEOUL - North Korea's military accused the United States and South Korea on Friday of trying to topple the Pyongyang regime and said it was ready to launch nuclear attacks to frustrate any provocations.

The military General Staff cited a South Korean newspaper report as evidence of 'desperate moves of the US imperialists and the South Korean puppet warmongers' for regime change.

'Those who seek to bring down the system in the DPRK (North Korea)... will fall victim to the unprecedented nuclear strikes of the invincible army,' a General Staff spokesman told the official Korean Central News Agency.

Dong-A Ilbo on March 19 said representatives of the US Pacific Command and state defence think-tanks from South Korea and China would meet in China next month to discuss controlling weapons of mass destruction in case of regime collapse in Pyongyang.

There has been no confirmation of the report.

The North has previously threatened nuclear attacks in response to what it calls plots for regime change - an especially sensitive topic given leader Kim Jong Il's age and health. -- AFP

(New York Times) S. Korean Navy Ship Sinks in Disputed Waters

SEOUL, South Korea — A South Korean Navy patrol ship sank near the disputed western maritime border with North Korea early Saturday after suffering damage to its hull, South Korea's military said.

The sinking immediately raised suspicions about the possible involvement of North Korea, whose navy has skirmished with South Korean ships in the waters off the Korean Peninsula. But South Korean officials said it was not clear whether the ship had been attacked by the North.

South Korea's president, Lee Myung-bak, ordered an emergency meeting of security-related cabinet ministers at an underground bunker at his office, the Blue House, in Seoul, and he ordered the military to focus on rescue efforts, according to South Korean news reports.

"It is premature at this stage to discuss the cause of the sinking," said a presidential spokeswoman, Kim Eun-hye. "It has not been determined whether this incident is related to North Korea."

By early Saturday morning, 58 of the ship's 104 crew members had been rescued, Commodore Lee Ki-shik of the South Korean Navy said during a news briefing. More navy ships were headed to the scene to assist in the rescue efforts.

The commodore did confirm reports in the South Korean news media that another South Korean ship had fired warning shots around the time the first ship was damaged after

detecting an unidentified object on its radar. He cautioned that the object could have been a flock of birds.

“All we can say for now is that one of our patrol ships is sinking after it suffered a rupture in its bottom created by an unidentified cause,” said a spokesman at the South Korean Office of the Joint Chiefs of Staff. He spoke on the condition of anonymity because South Korea had not made a formal announcement.

The ship was in the Yellow Sea near Baengnyeong, a South Korean island eight miles from the North Korean coast and 120 miles from the South Korean mainland.

The waters in the disputed western sea near the two Koreas make up the most volatile section of the border between North and South Korea and were the site of naval clashes in 1999 and 2002.

North Korea rejects a maritime border unilaterally drawn by the United Nations at the end of the 1950-53 Korean War and defended by the South Koreans.

In November, naval patrol boats from the North and South exchanged fire after a North Korean boat crossed that sea border, called the northern-limit line.

(Reuters) South Korea says must check reasons for ship sinking

SEOUL (Reuters) - South Korea's President Lee Myung-bak told an emergency government meeting on Saturday that all possibilities must be looked into for causing the sinking of one of its naval ships near a disputed border with North Korea.

But MBC television quoted defense ministry sources as saying it was unlikely the prickly North was involved in Friday night's sinking. Though they were checking for a possible link, they were also investigating whether it was the result of an internal explosion.

"Every possibility should be considered in investigating the causes," the presidential Blue House quoted Lee as saying.

(Reuters) South Korea rules out navy ship sunk by North Korea

BAENGNYEONGDO, South Korea (Reuters) - South Korea on Saturday all but ruled out the chance that North Korea was involved in the sinking of one of its navy vessels near their disputed border.

Initial speculation that North Korea might have sunk the ship had spooked Wall Street on Friday. Share prices dipped partly on geopolitical concerns, and the won dropped against the dollar.

"Given the investigations by government ministries so far, it is the government's judgment that the incident was not caused by North Korea, although the reason for the accident has not been determined yet," a senior government official was quoted as saying by Yonhap news agency.

A Reuters reporter on Baengnyeongdo island near where the ship sank said about 10 navy and coastguard vessels, along with divers, were searching the area and the wreckage.

MBC television quoted defense ministry sources as saying they were investigating whether it was the result of an explosion on board the vessel.

Presidential Blue House spokeswoman Kim Eun-hye earlier said there had been no unusual movements by North Korea, which has a million-strong military, much of it near the heavily armed border that has divided the Korean peninsula for more than half a century.

"UNIDENTIFIED REASON"

The defense ministry said 58 of the 104 crew on board had been rescued and Yonhap quoted navy officials as saying several had died. It was later quoted as saying 46 were still missing.

"An unidentified reason caused a hole in the ship, which led to its sinking. Rescue efforts are under way," the ministry said.

"The ship fired a warning shot at an unidentified object, and the object was later suspected to have been a flock of birds. But we are checking," it said.

Earlier, South Korean media had quoted officials as saying the North could have torpedoed the ship. One said it could have struck a mine.

"The loud firing sound remained for about 15 minutes, while I watched TV. I never heard such loud firing sound in my entire life staying at (the) island, and the sound was definitely different from those heard from usual drills," Yonhap news agency quoted one 56-year-old resident on a nearby island as saying.

MBC TV said it could take up to 20 days to raise the 1,200-tonne ship. It sank in waters 15-20 meters deep.

The sinking occurred as the impoverished North has grown increasingly frustrated by its wealthy neighbor, which has given the cold shoulder to recent attempts to reopen a lucrative tourist business on the northern side of the frontier.

It also coincides with mounting pressure on Pyongyang to end a more than one-year boycott of international talks to end its efforts to build a nuclear arsenal.

There have been concerns that the North might resort to military grandstanding, a tactic it has often used in the past when it is gearing up for negotiations with the outside world.

Reports of a possible naval clash saw the won weaken roughly 0.45 percent against the dollar and were cited by analysts as one reason for a dip in U.S. stocks.

Markets have become largely inured to saber-rattling by North Korea but it has in the past caused brief jitters that were quickly reversed.

The ship sank near the disputed Yellow Sea border off the west coast of the peninsula, which was the scene of two deadly naval fights between the rival Koreas in the past decade.

Navies from the rival Koreas exchanged gunfire for the first time in seven years in the Yellow Sea in November, damaging vessels on both sides.

(Reuters) At least 58 rescued from S. Korean ship -US official

WASHINGTON, March 26 (Reuters) - At least 58 people have been rescued so far from a sinking South Korean naval ship, which had more than 100 people on board, a U.S. official said on Friday, citing information from the government in Seoul.

The defense official, who spoke on condition of anonymity, said U.S. forces were not involved in the rescue efforts.

The official had no independent information on whether North Korea might be involved in the sinking but said Seoul had told U.S. officials the cause of the incident was still not clear.

(The Korea Times) US Leaves Open Timing for Wartime Command

The U.S. is ready to transfer the wartime command control of South Korean troops to Seoul as scheduled in 2012, but left open the possibility of a "delay" if the two governments agree, Yonhap reported citing top U.S. military commanders.

"To the extent that the government would question that, I think then it becomes a government to government decision between the United States and the Republic of Korea," Adm. Robert Willard, commander of the U.S. Pacific Command, told a Senate Armed Services Committee hearing.

"This is a government of Korea decision, or certainly OPCON transition will be considered by the government of Korea for its import and its impact on the region."

Conservatives from both Seoul and Washington have called for a delay in the wartime operational control (OPCON) transfer, fearing a possible gap in the joint defense of South

Korea after North Korea detonated its second nuclear device and continued testing medium- and long-range missiles last year.

The wartime OPCON transition agreement was made in 2007 under former liberal President Roh Moo-hyun, who sought a greater role for South Korea in maintaining its own defense.

Willard, however, said that the militaries of the two allies have been proceeding with the scheduled transfer.

"We think they're ready for it. So we're convinced that operational control transition could clearly occur in 2012," he said.

(Yahoo News) Hopes fade for 46 missing after S. Korea warship sinks

SEOUL (AFP) – Ships and aircraft searched choppy and frigid seas Saturday for survivors of one of South Korea's worst naval disasters, but hopes faded for 46 missing after an unexplained explosion tore a warship in half.

The tragedy happened near the tense disputed Yellow Sea border with North Korea, scene of bloody naval clashes in 1999 and 2002. Seoul officials said there was no sign so far the North was to blame.

President Lee Myung-Bak called emergency security meetings and ordered a swift and thorough probe into the sinking Friday evening of the 1,200-tonne corvette near Baengnyeong island.

Details of the disaster began to emerge Saturday.

"The ship was torn apart and the stern sank immediately," Choi Won-Il, captain of the Cheonan, told relatives of those missing.

"While I was reviewing an operation plan in my cabin, there was the sound of an explosion and the ship keeled to the right. We lost power and telecommunications," Yonhap news agency quoted him as saying.

"I was trapped in the cabin for five minutes before my colleagues broke the window in and let me out. When I got out, the stern had disappeared."

The Joint Chief of Staff (JCS) said 58 sailors had been rescued but 46 were still missing as of Saturday evening. Thirteen of those saved were injured but in stable condition.

"Many of the missing people might have been trapped inside the sunken ship," JCS spokesman Lee Ki-Sik told a parliamentary committee.

A team of 18 navy divers had to postpone an attempt to search the upturned craft until Sunday because of high waves and darkness.

Defence Minister Kim Tae-Young said thermal images indicated the ship had been torn in half. "But we have to pull her up to determine the exact cause," he said, adding a salvage ship would arrive Sunday afternoon.

Reports said the 88-metre (290-foot) craft would have been carrying missiles, torpedos and other weaponry and munitions. However survivors believe the impact came from outside, according to defence ministry spokesman Won Tae-Jae.

"The possibility of the ship having been attacked will be investigated along with other possibilities," Won said.

The military said there were no abnormal military movements at the time on the North Korean side of the maritime border. "We are detecting no abnormal movement from North Korea," JCS spokesman Park Sung-Woo said.

JCS officer Lee Ki-Shik said the military was "very cautious about pointing fingers at North Korea or any other causes at the moment".

Baek Seung-Joo of the Korea Institute for Defence Analyses told AFP the government appeared to suspect an accident rather than sabotage.

Kim Jin-Ho, a seaman on a local passenger ship to Baengnyeong, described Friday evening's horrific scene to YTN television.

"Survivors were screaming for help," Kim said. "As the ship was sinking, they were hanging onto the front part of the deck, shouting: 'Save me!'"

Hopes for the missing were fading with each hour as the temperature in the area at the time was about 37 degrees Fahrenheit (three degrees Celsius).

President Lee, who summoned an emergency security meeting immediately after the sinking, called two more sessions on Saturday.

He ordered a "thorough and swift probe" into the cause of the sinking, "keeping all windows of possibility open," a spokeswoman said.

In Washington, the State Department said it had no evidence of North Korean involvement.

Last November the navies of the two Koreas exchanged fire in the area and a North Korean patrol boat retreated in flames with unknown casualties.

The two Koreas have remained technically at war since their 1950-1953 conflict ended only in an armistice.

The North refuses to accept the maritime border known as the Northern Limit Line, which was drawn up by United Nations forces after the war. It says the line should run further to the south.

Economic Front

Detailed News:

(The Straits Times) Electrolux bids for Daewoo

STOCKHOLM - SWEDISH giant Electrolux, the second biggest producer of electrical appliances in the world, has made an offer to buy South Korea's Daewoo Electronics, an Electrolux spokesman said on Wednesday.

'I can confirm that we have made an indicative offer on the appliance part of Daewoo,' spokesman Anders Edholm told AFP, without giving further details.

'We are always looking for interesting opportunities and we will now continue the discussions about Daewoo,' he added.

Electrolux will be competing against a rival bid from Iranian company Entekhab Industrial Group, according to Swedish media reports.

Daewoo Electronics produces mass market appliances including microwaves, refrigerators, vacuum cleaners and washing machines.

Daewoo was set up in the 1960s and became one of the biggest companies in the world before it disintegrated in financial disarray in the 1990s. Its shipbuilding and auto units are now independent companies in their own right. -- AFP

(Reuters News) S. Korea KOPEC wins \$569 mln. UAE order from KEPCO

SEOUL, March 25 (Reuters) - Korea Power Engineering Co Inc (KOPEC) (052690.KS), a nuclear power plant designer, said on Thursday it had received a 646.6 billion won (\$569 million) order from its parent Korea Electric Power Corp (KEPCO) (015760.KS).

The order is part of a nuclear project KEPCO won in the United Arab Emirates, KOPEC said in a filing to the Korea Exchange.

KEPCO heads a South Korean consortium that won in December a contract worth up to \$40 billion to build and operate four nuclear power plants in the Gulf Arab state.

(The Straits Times) GM recalls 60,000 cars

SEOUL - GENERAL Motors Co's South Korean unit plans to recall some 60,000 of the Chevy Cruze small car and the Captiva sports utility vehicle (SUV) in South Korea, the government and the company said on Sunday.

GM Daewoo Auto & Technology will recall 45,957 of the Captiva, which is sold as the Winstorm in South Korea, due to defects with the steering system, the Ministry of Land, Transport and Maritime Affairs.

It is set to recall the SUVs which were made between April 1, 2006 and Dec 31, 2007, the ministry said in a statement.

The company also plans to recall 12,604 of the Chevy Cruze sedan, which is sold as the Lacetti Premiere locally, due to defects with fuel supply pipes, the ministry said. The recall applies to cars produced between Sept 25, 2009 and March 2, 2010.

GM Daewoo officials said the Captiva and the Cruze with the same defects would be recalled in overseas markets.

'GM plans to recall the models with the problems in other countries. But every country has different rules and standards and each GM operation will decide the size and timing of recalls of those cars depending on their own situations,' a GM Daewoo official told Reuters by telephone, asking not to be identified.

Why Do Foreigners Sell Off POSCO?

Overseas investors appear to be ending their long-standing love affair with POSCO, the world's fourth-largest steelmaker, which survived the global financial crisis.

According to the Korea Exchange (KRX), Monday, the value of POSCO equities held by foreign players reduced by about 3.4 trillion won from 27 trillion won at the end of last year to 23.6 trillion won by March 18 this year.

This marks the biggest negative change among the country's top 10 conglomerates, and contrasts to Hyundai Heavy Industries Group, which added up to 1.3 trillion won during the same time span.

Over the three-month period, the stock prices of POSCO dropped about 10 percent from 618,000 won per share as of the end of last year to move below the 550,000-won mark of late.

Domestic rival Hyundai Steel saw its stock prices rise from 86,500 last year to fluctuate in the vicinity of 88,000 won.

“POSCO share values are leading indicators for the markets. Although iron prices are not so bad right now, they appear to expect a downturn in months to come,” Daishin Securities analyst Jason Mun said.

“Another downside is the uncertainty involving the procurement of resources such as iron ore or coal. Their prices are rising and the contract period has shortened to generate concerns for investors.”

Mun also noted the possible takeover of Daewoo International, the former subsidiary of the now defunct Daewoo Group.

POSCO participated in the auction for the country's largest general trading company alongside the Lotte Group and a consortium of financial outfits. The preferred bidder is expected to be decided in May or June.

“POSCO has shown a return on its equity ratio of around 20 percent except for last year when the global economy was hit hard by the financial distress. It is expected to rack up similar profitability this year,” Mun said.

The Industrial Bank of Korea (IBK) Securities analyst Kim Yoon-sang partially agrees.

“Obviously, uncertainties regarding the resource procurement and their high prices have somewhat chilled investor sentiment. We need to keep a tab on POSCO's talks with coal and iron ore manufacturers,” Kim said.

“Regarding the Daewoo International issue, the price of acquisition would be crucial if POSCO takes over the company.”

When contacted, POSCO said the disposal of company shares by foreign investors is not that big. It noted, “Foreign share holdings reduced a mere 1.7 percentage points this year. That amount of fluctuation always happens.”

KDI Calls for Immediate Rate Hike

The central bank should raise the key interest rate as soon as possible to prevent possible economic bubbles, a renowned state-run think said Tuesday.

“The local economy appears to be entering the stabilization phase, coming back to a normal pace. So, we need to prevent possible side-effects by upping the key interest rate,” Kim Hyun-wook, a senior economist at the Korea Development Institute (KDI), said in a joint seminar with the government in central Seoul.

Kim recommended the Bank of Korea (BOK) should not hesitate to act, and said it is time to move on. “It is not too late even if the BOK increases the key interest rate right now.”

The KDI economist warned that there will be asset bubbles if the central bank continues to keep the historical low interest rate of two percent.

"If the BOK keeps the policy rate at the current level too long, there will be bad side-effects. Consumer prices and asset prices will go up, and it will be difficult to bring them down later."

But Kim cautioned that the BOK should raise the rate gradually so as not to shock the economy.

"It takes considerable time to adjust key interest rates to a neutral level. We need to raise it step by step to reduce shock and side-effects."

The researcher said the local economy is on the recovery track, and expects it will grow more than five percent this year.

"The Korean economy will likely grow 5.5 percent in 2010. It will also see its current account surplus reach \$16 billion this year. The jobless rate will go down to 3.4 percent."

Meanwhile, Minister of Strategy and Finance Yoon Jeung-hyun said that he worries about policies based on populism at the seminar.

"There is an analysis report that southern European nations are suffering sovereign risk problems because they have kept policies based on populism for a long time," Yoon said. "It is the idea of having benefits, but discarding responsibilities."

Analysts said that Yoon's remarks are aimed at a bill to provide free lunch to students, which some politicians are trying to apply ahead of regional elections.

"Free lunches in elementary and middle schools" has emerged as a popular campaign slogan of the opposition camp for the June 2 local elections.

Lee Jong-kul, a Democratic Party candidate for Gyeonggi Province governor, proposed a bill last week that would introduce free lunches for all elementary students by 2011 and middle school students by 2012.

Asian Monetary Fund Debuts Today

An Asian version of the International Monetary Fund (IMF) created by ASEAN member countries and Korea, China and Japan will make its official debut today, the Ministry of Strategy and Finance said Tuesday.

Under the Chiang Mai Initiative Multilateralization Agreement (CMIM), signed 90 days ago by finance ministers of the member states, Korea is now allowed to open a credit line of up to \$19.2 billion from the \$120 billion fund whenever it faces a dollar shortage.

The fund was originally based on the Chiang Mai Initiative, in which Asian countries agreed to support each other with dollar liquidity in times of crisis.

It was a bilateral swap arrangement between Vietnam, Cambodia, Laos, Brunei and Myanmar, and Korea, China and Japan, but was upgraded to the multilateral CMIM financial support program incorporating the 10 ASEAN members - Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam - plus the three Northeast Asian countries.

Asia became keenly aware of the need for such a safety net following the Asian financial crisis that hit the continent in 1997 and 1998.

The Asian Monetary Fund (AMF) aims at helping member countries cope with short-term foreign currency volatility. The \$120 billion fund will provide financial support through currency swap transactions.

If a member requests support, the central banks of other member countries will provide dollars in exchange for the domestic currency of the recipient country.

Korea, which contributed \$19.2 billion, or 16 percent of the fund, can receive up to the same amount in support. China and Japan each provided 32 percent of the fund — ASEAN countries shouldered the other 20 percent.

The country with the dollar shortage can get support within a week after the request, upon approval by two thirds of member states.

The AMF is expected to make other countries aware of the need for global financial safety nets.

President Lee Myung-bak had suggested building up a system to protect emerging economies against the volatility of international flows, at the World Economic Forum held in Davos, Switzerland, in January. The issue is expected to be discussed at the G-20 summit in November, hosted by Korea.

(The Straits Times) New US\$14.6b S. Korean city

SEOUL - SOUTH Korea's government sought parliamentary approval on Tuesday to develop a new city into a US\$14.6 billion (S\$20.5 billion) science and education hub, scrapping plans to relocate several ministries there.

The bill submitted to the legislature Tuesday faces an uncertain future, with both the main opposition party and a sizeable faction of the conservative ruling Grand National Party (GNP) opposed to it.

In a politically risky move President Lee Myung-Bak's government in January scrapped a plan announced in 2005 by his liberal predecessor Roh Moo-Hyun to move nine ministries and four agencies to Sejong City.

The Lee government said it would be inefficient to split the nation's capital and instead announced plans to develop a science, business and education hub at the city, under construction 150 kilometres (95 miles) south of Seoul.

Mr Roh's government had said its plan would promote balanced regional development in a country where almost half the population lives in Seoul or surrounding cities. The plan was also seen as a vote-winner in North and South Chungcheong provinces, whose traditionally uncommitted voters have often swung elections.

Mr Lee's conservative party, which was then in opposition, backed the relocation. The bill needs 150 votes in the 299-member unicameral parliament to pass. -- AFP

(Reuters News) Samsung's reclusive Lee returns to lead family firm

SEOUL, March 24 (Reuters) - Lee Kun-hee, the billionaire businessman who returned to head Samsung Electronics (005930.KS), is revered in the giant conglomerate his father founded but rarely seen in public, even playing golf by himself.

The softly-spoken Lee, convicted of tax evasion but pardoned by South Korea's president last year, on Wednesday became chairman of the firm he transformed into the world's biggest electronics manufacturer.

He is the third son of Lee Byung-chull, who founded what was to become South Korea's most powerful conglomerate in 1938 when the country was under Japanese colonial rule.

The elder Lee sent his sons to be educated in Japan to let them learn how that neighbouring country was rebuilding from the ashes of World War Two.

It was Lee Kun-hee whom he eventually picked in the 1970s as heir to what was already one of the country's top conglomerates or "chaebol" which were leading the drive to turn South Korea into a major regional economy.

Now 68, Lee is often likened in character to his father who also once resigned from the group to return later as a top manager.

It is Lee Kun-hee who is widely credited for turning the conglomerate the family continues to control through a complex network of cross shareholdings into the hi-tech powerhouse it became.

Under his reign, Samsung Electronics became a global brand in a range of chips, televisions and mobile phones, overtaking Japanese rivals such as Sony (6758.T) and Panasonic (6752.T).

Reports tell of him dismantling TV sets in hotel rooms in the early days as Samsung sought to build expertise, while in 1994 he ordered 50 billion won worth of mobile phones and fax machines destroyed for not meeting quality standards.

The reclusive Lee is ranked by Forbes magazine as South Korea's wealthiest man worth \$3.9 billion. His wife of more than 40 years, Hong Ra-hee, is a leading buyer of art and the family owns one of Seoul's finest art museums.

Lee has been largely out of the public eye since resigning in April 2008 as chairman of the Samsung Group, whose business interests touch almost every sphere of South Korean life, after being implicated in a corruption scandal that centred on succession within the Lee family.

Lee, one of whose hobbies is said to be driving fast cars on a private track, was later given a suspended jail term for tax evasion and other charges but granted a presidential pardon last December to help South Korea in its bid to host the 2018 Winter Olympics. [ID:nTOE5BS02U]

With a degree in economics from Waseda University in Tokyo, he started his career at a Samsung-founded broadcaster in 1966, becoming Samsung Group chairman in 1987 until stepping down in 2008.

VENTURE INTO AUTOS

Samsung, with \$150 billion in assets at 63 units, accounts for about a fifth of the country's exports. Leading its ships-to-insurance business portfolio is Samsung Electronics, the world's biggest maker of memory chips and televisions.

The biggest business failure for Lee, who received lung cancer treatment in 1999 and 2000 in the United States, was his foray into the automobile market in 1995. The car unit was sold to France's Renault (RENA.PA) in 2000 after being saddled with heavy debts.

His only son, Jay Y. Lee, who made the headlines last year after his divorce from the daughter of the head of a smaller conglomerate, was promoted in December to the newly created role of chief operating officer at Samsung Electronics, a move seen as grooming him for eventual succession.

Lee's two surviving daughters are deeply involved in management at the group's units ranging from a top-rated hotel and restaurant chain to a clothing maker. The youngest daughter committed suicide while living in New York.

Though considered a driving force for Samsung, much of Lee's influence occurs out of sight and behind closed doors.

Even when he was chairman of the group, Lee was said to only rarely attend board meetings. When he did show up, he often stayed for no more than half an hour, said Kim Yong-cheol who worked for the conglomerate as a legal executive for seven years.

"It is an organisation that no one can change," said Kim, whose disclosure about Samsung led to the corruption scandal.

Hyundai Card Seeks Sustainable Growth through 'Resetting'

The financial market is expected to undergo a partial recovery this year, but businesses are facing more fierce competition amid tougher regulation.

Hyundai Card, one of the most successful players in the financial industry during the past decade, is seeking sustainable growth through a "resetting" strategy, which means going back to the beginning and checking up on its whole operation with the mindset of a beginner.

The plastic issuer came up with the strategy as it is being faced with both opportunities and risks in the wake of the global financial crisis. The local card industry is challenged by a myriad of threats, including household debt amounting to over 700 trillion won, restructuring of the Chinese economy, and possible interest rate hikes.

With each economically active member of the population holding 4.2 credit cards on average, Hyundai has determined that simply increasing the number of card subscribers doesn't mean much.

Hyundai Card is more competitive than others in this sense as its customers are the most loyal. The monthly card spending per customer is the biggest in the industry, and it was chosen as the credit card brand that customers would recommend to their friends most.

Hyundai Card owes this success to diverse marketing activities. It invited star performers and sports players to Super Concerts and Super Matches, maximizing the customer experience, and enhanced the brand power of premium cards. Its market strategy has been copied by other players.

Hyundai plans to strengthen customer relations through innovation. This includes diversifying business and products through more accurate analysis, on top of continuing creative marketing efforts. Strategic alliances with mobile communication services providers and retailers in provinces are also under consideration.

Hyundai Card ranked at the top among plastic card businesses in the National Customer Satisfaction Index for the fifth consecutive year, but its efforts to improve customer satisfaction (CS) never stop.

It redefined CS as customer solution, which means actively solving all problems related with customer satisfaction in advance. For example, it started a silver care service for senior citizen customers, where they directly talk to operators instead of an audio response system. The CS effort ranges from IT infrastructure and product development to the strengthening of its brand.

Thorough Risk Management

Despite the global financial crisis, Hyundai Card turned the year 2009 into a big opportunity. Its operating profit grew by 11 percent in 2009, and it rose to second in the industry in terms of market cap.

Hyundai Card is more conservative than any other in risk management. The delinquency rate of Hyundai Card subscribers is at 0.3 percent, the lowest in the sector. "We focus more on credit sales, the core business of credit card companies, instead of instant cash service or card loans. Credit sales accounts for 85 percent of our total sales," a spokesperson at Hyundai Card said.

Hyundai Card takes heed in asset management. It makes the maturity of assets coincide with that of liabilities, and diversifies sources of borrowing as well as focusing on long-term debt — 60 percent of the total — and overseas borrowings at 30 percent.

Thanks to such efforts, Hyundai Card operated stably while others suffered from a credit crunch.

LG in Talks to Expand 3D TV Sales to Europe

LG Electronics is in talks with several satellite TV broadcasters in Europe and North America to supply three dimensional (3D) television sets, a senior company executive said.

The world's second-biggest flat-screen television set maker after Samsung Electronics is hoping to strike the supplement deals, Kwon Hee-won, executive vice president and head of LG Electronics' LCD TV business said, Thursday.

"We've been engaged in discussions with satellite television broadcasting companies in the United States and Europe besides the British Sky Broadcasting Group (BSkyB)," the executive said in a press conference held at its research & development (R&D) campus in Seocho-dong, Seoul.

"For the time being, LG cannot name the partners. We will announce this after the actual contracts are in sight," Kwon said.

The remarks came after the South Korean company has been in deep talks with the U.K's biggest pay-television provider to gauge the amount of its 3D TV supplements. LG has been providing 3D TVs to India's Valuable Group.

Global TV majors, who are eager to find new growth momentum in their businesses, are rushing to the lucrative 3D market with new products and the announcements of ambitious strategies.

Samsung Electronics, Sony and Panasonic of Japan, in addition to LG are fully set to promote their 3D TVs to get a big "first-mover" advantage. LG just launched 47- to 55-inch 3D TVs and plans to expand its product line-up to 60- and 72-inch models.

When asked about a share target, the company executive was highly upbeat. "LG expects the global shipments of 3D TVs to reach 3.8 million units by the end of this year and we targets a 25 percent market share in the sector."

Earlier this month, LG said it expects sales of its 3D televisions to reach more than 1 million this year, up from the 400,000 it had previously expected.

To achieve this goal, Kwon said it has been sharpening the technology that easily transforms 2D content into 3D. He added the conversion technology will be applied to its next models.

Although it is clear that 3D sets for the home will appeal to technology and home-theatre enthusiasts, it remains to be seen if the TVs will entice regular consumers to spend \$500 or more above the price of a standard TV and Blu-ray player.

Meanwhile, LG is still retaining this year's 29 million flat-screen sales target including 4 million plasma TVs. "We target a 15 percent share of the global LCD TV market in 2010, up from 12 percent for last year."

Kwon said LG sold 5.2 million LCD TVs during the January-March period, globally, this year.

No Glasses?

The executive expects the market for 3D TVs without glasses to be opened in 2015 and said the company has begun developing the related technology under orders from LG Group Chairman Koo Bon-moo.

Still, many consumers have only just bought new high-definition TVs, and analysts say they are unwilling to spend on another upgrade any time soon, especially before the time when viewers must wear special glasses to see images in 3D by paying more.

"By 2015, we hope general consumers to watch 3D TVs without wearing special glasses. Technical developments should come in advance," Kwon said. 3D TVs without glasses is required for larger-sized panels, pushing TV manufacturers to hike retail prices.

Kwon's remarks on 3D TVs without glasses are different from the predictions painted by Samsung Electronics' TV chief Yoon Boo-keun. Recently, Yoon said Samsung was critical of the TVs not needing the glasses due to increased production costs.

(Reuters News) S. Korea to invest \$1 bln in tidal power plants

SEOUL, March 25 (Reuters) - Korea Western Power Corp (WP) will invest a total of 1.22 trillion won (\$1.07 billion) to build 20 tidal power plants likely from next year through 2014, the government and officials at the utility said on Thursday.

Utilities

The power plants, to be located in about 200 km southwest of Seoul, will have a total capacity of 520 megawatts (MW), the world's largest, they said.

WP, fully owned by state-run Korea Electric Power Corp (KEPCO) (015760.KS), expects the plants to boost renewable energy consumption along with the parliament's recent approval of a bill with the same goal.

The plants have been planned since 1980, according to WP's website (www.westernpower.co.kr), although it took some time due to economics until the knowledge economy minister gave its initial approval on Wednesday.

But construction cannot start until the environmental impact assessment receives final approval, one ministry official said, adding that was likely early next year.

Asia's fourth-largest economy, heavily dependent on oil and gas imports, set a voluntary 2020 emissions reduction target last year to a 30 percent reduction from its forecast under a business as usual scenario.

Renewable energy accounted for 2.4 percent of South Korea's total energy consumption in 2008. The country aims to increase that to 11 percent by 2030.

Rusted Hyundai-Kia Cars Recalled in US, but Not in Korea

There has been a long-standing controversy over the difference in quality between domestic and exported vehicles made by Korean carmakers.

The answer is still up in the air, but it seems clear that at least there is a difference in the way owners of Hyundai and Kia vehicles are treated at home and abroad.

Tackling the recent rust-related issue of the K7, Kia's latest luxury sedan, the maker is refusing to do anything for its local buyers who suffered corrosion damage to their vehicles.

However, it turns out the carmaker and its parent company, Hyundai, recalled their products in the United States for the same reason, several times last year.

The K7 premium sedan was launched here last November, with a global sales target of 40,000 vehicles in the first year.

A couple of months after its launch, a driver posted a photo of the vehicle he bought, with the front bottom sub-frame seriously covered with rust, on an Internet blog.

The Korean carmaker was embarrassed as the story rapidly spread online with a description of what happened when he took the car in for service.

Kia refused to provide any service for the rusted car as it was "made of quality materials."

The original post has been deleted from the message board.

Hyundai-Kia said earlier it is looking into the matter to figure out the cause of the problem. But now, the company says it's not planning to recall the vehicles or replace the frame in question for local customers.

"(The K7's sub-frame) is made of stainless steel, and doesn't rust under normal circumstances. But it snowed far more and far heavier than usual this winter, so drivers may have had their cars exposed to salts that might have sped up the corrosion of the frame," a Hyundai spokesman said.

"Obviously the rust issue doesn't cause any serious malfunctions to the model. So there will be neither recalls nor a replacement service for the model."

But in the United States, the company recalled their products several times last year due to corrosion.

Last December, Hyundai recalled its Sonata sedans registered in the snowy northern U.S. states, often dubbed the "salt belt," due to the large quantities of salt used to thaw frozen roads.

The road salt could result in a progressive corrosion of the front sub-frame leading to the thinning or perforation of the sub-frame steel, Hyundai said.

Its local dealers checked out the thickness of the front sub-frame and inspected corrosion damage. Those with serious problems were replaced with new sub-frames.

It provided protective services for cars not requiring replacement, by having dealers add drainage holes to the sub-frame and treat it with a rust-proofing material.

In June, Hyundai and Kia issued a recall for 36,538 Kia Optima sedans sold in salt-belt states.

This was also due to the salt-inflicted internal corrosion of the front sub-frame, and occurred only two months after Hyundai had a recall issued in some 20 states.

It appears excessive corrosion on the front frame was a chronic problem for the Korean maker's vehicles sold in those states, as Sonata sedans were also subject to a rust-related recall in April 2008.

Hyundai-Kia will need to set up measures to tackle the issue as soon as possible, citing the recent large recall case by Japanese giant Toyota.

"However, they are downplaying the effect of frame corrosion. It remains a serious flaw of the product after such problems were found just months into the launch," Daelim University College professor Kim Pil-soo said.

"The current Toyota crisis is mainly attributable to its negligence toward U.S. customers. Unless the carmaker does something about the case, it will give the impression that it discriminates against local customers," he added.

Per Capita Income Falls to 5-Year Low

The nation's per-capita income fell below \$18,000 in 2009, hitting a five-year low, due mainly to the falling won against the dollar. But the government expects the income to rebound to \$20,000 this year on the back of a fast economic recovery.

The gross domestic product (GDP) expanded at the slowest pace in a decade, as Asia's fourth-largest economy was hit hard by plunging sales at home and abroad as a result of the worldwide financial market turmoil.

The Bank of Korea (BOK) said Friday that Korea's per capita gross national income (GNI) sank to \$17,175 last year from \$19,296 in 2008. The figure was the lowest since 2004 when each Korean earned \$15,082 on average.

In 2009, the Korean won fell about 15.8 percent against the greenback.

Per-capita GNI exceeded \$20,000 in 2007 for the first time at \$21,659. It took the nation 12 years to double its income. It surpassed \$10,000 in 1995 but dropped to \$7,355 in the

wake of the currency crisis in 1998. Income has since increased in line with economic expansion.

But real GNI rose 1.5 percent last year from a year ago on the back of improved terms of trade on falling oil and other commodity prices. It equals GDP excluding losses and profits stemming from changes in terms of trade and represents people's real purchasing power.

"Koreans' real purchasing power grew in 2009, thanks to favorable terms of trade as a result of tamed oil and other raw material prices. But the per-capita GNI is heavily influenced by the won's value against the dollar. If the won-dollar rate remains at the current rate of around 1,150 won, this year's per-capita GNI will likely exceed \$20,000," a BOK official said. The won has been gaining ground this year on the back of active foreign buying of local bonds and stocks.

The Ministry of Strategy and Finance also expects per-capita income to increase to over \$20,000 in 2010, projecting the Korean economy will expand around 5 percent this year, on top of the strengthening of the local currency.

The nation's GDP, the total value of goods and services produced within the economy in a given period, grew 0.2 percent last year, the lowest increase since 1998 when economic output contracted by 5.7 percent in the aftermath of the Asian financial market meltdown.

The central bank said the manufacturing sector output declined 1.6 percent from a year earlier, compared with a 2.9 percent gain in 2008, with the construction industry growing 1.9 percent.

Private consumption growth slowed to 0.2 percent in 2009 from 5.1 percent the previous year. The country's gross savings ratio, the ratio of national savings to gross national disposable income, came to 30 percent, down from 30.5 percent in 2008. The figure was the lowest since 1983 when it stood at 28.9 percent.

(Reuters News) S. Korea's Lee calls for close look at household debt

SEOUL, March 25 (Reuters) - South Korean President Lee Myung-bak on Thursday played down the likelihood of current household debt levels leading to financial uncertainties, but called for close monitoring of the pace of borrowing growth.

"In particular, President Lee called for a close look at trends in house prices and the construction industry, given that property accounts for a big part of household debt," the presidential Blue House said in a statement issued after an emergency economic meeting.

(Reuters News) LG Elec aims at 25 pct of global 3D TV market

SEOUL, March 25 (Reuters) - LG Electronics, the world's No.2 TV brand, said on Thursday it was aiming to sell nearly 1 million 3D TVs this year to take one-fourth of the market, joining a growing number of global tech firms betting 3D will become the next hot product.

Many manufacturers hope the technology will be as big a boost for the industry as the transition to colour TVs from black and white, although a lack of 3D content and the need for special glasses may keep people from adopting the technology outside the cinema.

South Korea's LG Electronics (066570.KS) said on Thursday it wanted to increase market share in 3D TVs more aggressively, hoping to keep its lead over close rival Sony and fight falling prices with premium models.

"Our goal is boosting market share in 3D TVs and you can clearly see that, as our target for 3D market share is 10 percentage points above our LCD TV sales target," Havis Kwon, LG's vice president and head of the LCD division told reporters.

LG, which competes with local rival Samsung Electronics Co Ltd (005930.KS) and Japan's Sony Corp (6758.T), said it expected the global 3D TV market to grow to around 3.8 million units this year and to more than 13 million in 2011.

The maker of the Infinia TV brand showcased 3D TVs with LED-backlit LCD screens that are 22.3 millimeters thick and said its 47-inch LX9500 model would cost around 4.7 million won (\$4,134) including two pairs of glasses.

The product will go on sale next week in South Korea ahead of a global launch around May.

At 0535 GMT, shares in LG Electronics jumped 6 percent to a one-month high of 115,500 won, with trading volume rising to almost three times the average 30 day volume.

"Shares have really been beaten down lately amid concerns about its smart phone performance, and on new worries that its strong television business may face a slowdown in the second half, after the World Cup," said Kim Kap-ho, analyst at LIG Investment & Securities.

"But as its sector peers have rallied in recent weeks, LG Electronics shares at the current level offer attractive valuations."

LG, which wants to increase its global market share in LCD TVs to 15 percent this year from 11 percent last year, said it sold around 5.2 million LCD sets in the first quarter versus a 2010 target of 25 million sets.

(Reuters) Daewoo E&C investors agree to sale, Kumho bailout

SEOUL, March 26 (Reuters) - Financial investors in Daewoo Engineering & Construction (047040.KS) have agreed to terms for the builder's sale and financial support for an affiliate, paving the way for the \$2.6 billion deal, a creditor said on Friday.

State-run Korea Development Bank (KDB) plans to acquire a 50 percent stake plus one share in Daewoo, South Korea's fourth-biggest construction firm by market value, from the financial investors and Daewoo's troubled parent, Kumho Asiana Group, through a private equity fund it will raise.

The sale is a key part of the restructuring of Kumho Asiana, the country's ninth-biggest business group which bought Daewoo in 2006 in a highly leveraged deal and is facing liquidity problems.

A spokesman at the state-run Korea Development Bank said 18 financial investors which funded the 2006 acquisition have handed in agreements to a final plan for Daewoo's sale and financial support for Kumho Industrial (002990.KS).

KDB previously proposed to buy Daewoo shares at 18,000 won each, 57 percent higher than the current market value but sharply lower than the price financial investors paid for them.

Local creditors are also discussing a separate 2.5 trillion won (\$2.2 billion) bailout plan for Kumho Industrial, currently top shareholder of Daewoo, main creditor Woori Bank said, to shore up its capital base by the end of this month and avoid delisting.

Kumho Industrial and another affiliate Kumho Tire (073240.KS) were placed under a debt rescheduling programme in December, in one of South Korea's highest-profile corporate restructurings since the years following the 1997-98 Asian financial crisis.

Shares in Daewoo Engineering rose 1.78 percent to 11,450 won by 0541 GMT, leading the wider market's 0.63 percent gain

Socio-cultural Façade

Detailed News:

(The Straits Times) Ban on marrying S. Koreans

PHNOM PENH - CAMBODIA has temporarily banned marriages between local women and South Korean men over concerns about human trafficking, officials said on Saturday.

The ban was enforced after Cambodian police arrested a woman who had lured 25 girls from rural areas, each of whom paid money to marry South Korean men, government spokesman Koy Kuong said. 'This act was trafficking of women and children,' he said, adding that the Cambodian court recently sentenced the woman to 10 years in prison.

Mr Koy Kuong said the South Korean embassy in Phnom Penh had been notified on March 5 about the temporary ban. It was not known when the restriction would be lifted.

Cambodia is a hugely popular destination for South Korean tourists and investors. South Korea is Cambodia's second-biggest source of foreign direct investment after China. An influx of investment from the country after 2004, mainly in garments, IT, and tourism, helped spur four years of double-digit growth in Cambodia. It has since fallen by about 50 percent as a result of the global financial crisis.

Mr Bith Kimhong, head of the police's Anti-Human Trafficking Department, told Reuters that the convicted woman had charged US\$100 (S\$140) from every girl selected by South Korean men for marriage.

He said agents were banned from facilitating marriages, adding that the law required foreigners to first talk to the parents of their future spouses. 'Taking commission for marriage is illegal,' he said. 'If you want to have a Cambodian woman to be your wife, you have to ask for her hand traditionally and be registered at the village and community level.' -- REUTERS

(The Straits Times) S Korea bans foreign sex offenders

SEOUL - south Korea has revised its immigration rules to impose a lifetime ban on convicted foreign sex offenders and has already deported two people accordingly, a news report said on Sunday.

The justice ministry revised the rules last month so as to deport foreigners who have committed sex offences in South Korea or elsewhere, Yonhap news agency said, citing a ministry official.

'A foreigner convicted of a sex offense here or in any other countries will immediately be deported and will never be allowed to come back to South Korea,' the official said, adding that two people had been deported as a result.

More than 1.1 million foreigners live in South Korea and the number of rapes by foreign residents rose 11 percent year-on-year in 2009, Yonhap said, citing police data. It did not give a concrete figure for the number of offences. – AFP

Korean Peninsula Blanketed by Worst Yellow Dust

The Korean Peninsula experienced its worst case of yellow dust ever recorded Saturday and Sunday, leading the weather administration to advise people to take extra care as more is expected this month.

The Korea Meteorological Administration (KMA) posted a special yellow dust warning for most parts of the country Saturday.

The dust in the air marked 2,684 micrograms per cubic meter in Daegu; 2,408 micrograms in Jindo, South Jeolla Province; and 1,048 micrograms in Sokcho, Gangwon Province. These are the worst figures since the KMA started taking dust density measurements in 2005.

According to the agency, the special warning is posted only when the density is over 800 micrograms per cubic meter. The KMA posted its first such warning in 2007.

Drivers and pedestrians said the thick dust clouded their visibility.

The particles also kept many people from going outdoors for fear of respiratory problems.

A KMA spokesman said the dust storm was initiated in the Gobi. ``Dust from Neimenggu (Inner Mongolia) and the yellow soil of the Hwangho River valley (China) have also contributed to the record amount of pollutants in the air.

Another dust storm is heading here from the inner part of China, likely causing more dust across the nation by Monday," he said.

Air pollutants such as nitrogen dioxide and sulfur dioxide blowing in from China have long been a headache here.

The agency asked people to take precautionary measures when going outdoors and pay attention to individual hygiene.

Dust storms are said to cause or worsen conjunctivitis, respiratory disorders, allergic rhinitis and various forms of eczema.

Some civic activists have long urged the government to verify the pollutants blowing in from China and ask Beijing to take remedial action.

The Ministry of Environment has been lukewarm in acknowledging its effects. The authorities earlier this month delayed the release of reports on how air pollutants from China affect Korea and Japan.

A ministry official said the cautious stance was taken out of concern over a possible diplomatic conflict caused by the report.

The report on Long-Range Trans-Boundary Air Pollutants in Northeast Asia is based on a meeting of a group of experts in Japan in February. The ministry was to release its result on March 10. However, it has cancelled the release due to a "lack of preparation between ministries."

Asked whether the report needs approval from other ministries, an environment ministry official said, "Some found the content possibly troublesome with China."

According to a report by the National Institute of Environmental Research in January, about half of the air pollutants in the atmosphere here are carried in from China.

Seoul to Ban Smoking in Public Places

Streets and parks of Seoul City could be designated as non-smoking areas.

The 21 members of the Seoul Metropolitan Council proposed an ordinance to prohibit smoking on streets and in parks and plazas within the capital.

"I suggested the bill to protect pregnant women and children from second-hand smoke on streets and at other public spaces," Park Hee-sung, a city councilor, said. "It also secures the right to smoke by designating smoking areas."

According to a survey by the Korea Institute for Health and Social Affairs last year, nearly 60 percent of respondents complained about second-hand smoke in public areas. More than 66 percent had complaints about second-hand smoke on streets and 62 percent in restaurants.

The bill would affect public areas such as streets, parks, plazas and outside of municipal buildings. These areas would be required to set up a separate smoking section.

It would also provide incentives to companies participating in non-smoking campaigns. For example, eateries and cab companies working to reduce second-hand smoke would receive tax incentives.

The bill will be discussed in the extraordinary session of the municipal council in June. If passed, the ordinance would take effect from January 2011, fining violators up to 20,000 won.

All Elementary Teachers May Apply to Be Principals

All elementary teachers may apply for the post of principal in an effort to bring transparency and root out corruption in the promotion process, the Seoul Metropolitan Office of Education said Monday. Corrupt teachers and education officials will be made public, the regional education office said, disclosing its anti-corruption package.

It is also a more aggressive version of what Education Minister Ahn Byung-Man reported to President Lee Myung-bak earlier, that 50 percent of public school chiefs will be chosen through open competition.

The new recruitment system will be applied from this August, when about 77 principals are set to retire.

The measure is expected to weaken the power of the superintendent, who controls the appointments of senior teachers. Former superintendent of Seoul's education office Kong Jeong-taek had himself admitted to a hospital in the middle of the prosecution's questioning for allegations that he had received bribes from senior teachers in exchange for securing their promotions.

The Kong case is seen as being at the pinnacle of an unfolding bribery case that is sweeping the Seoul education office.

Twelve people who have been involved in the scandal will be punished — most likely fired. Those dismissed cannot receive pensions and other perks.

Lee Sung-hee, deputy superintendent of Seoul, said his office will establish a special task force to regain the trust of parents and students. "We deeply regret that the educational transparency of the capital has been tainted," he said at a media briefing Monday.

The measures also include special management on students with low academic achievements; full disclosure of school information through the Internet and an open bidding system for construction and repair of school facilities.

The city educational office has maintained the bottom line for transparency at the Anti-Corruption and Civil Rights Commission's survey and the nationwide academic aptitude evaluation tests conducted by the education ministry.

The office and its 11 affiliates' staff members, who were guaranteed a full five-day-workweek system, will also start working on Saturdays to show their "willingness to set things right."

Eye Dryness on Increase

The number of people suffering from dry eyes has doubled in the past six years, possibly due to workers staying indoors without adequate ventilation systems.

According to research by the National Health Insurance Corporation (NHIC), the number of people treated for lachrymal gland disorders marked 1.5 million in 2008, compared to 744,000 in 2002. The corporation had to spend 77 billion won in 2008 for coverage.

Dry eyes is a condition in which a person's eyes do not produce enough tears, or the tears evaporate too quickly.

This can lead to eyes drying out and becoming inflamed. In serious cases it can cause visual impairment or scarring of the eye's surface.

More women suffer from the disease— their number is double that of men. The NHIC assumed that changes in hormone levels after menopause can affect the secretion of tears.

There are various other causes for the condition — a disorder in the immune system, genetic factors, or injuries among others.

However, the state-run organization said working in offices with heating or cooling systems operating all day long can explain the growing number of patients, many of whom are younger than the conventional patients in their 60s.

“Many people visit their optician in August and January, when many workplaces and houses keep the windows shut because they have air conditioning or heating on. We also think many workers looking at computer screens all day long causes great fatigue and various disorders to the eyes,” the corporation said in a press release.

Dr. Jang Jae-woo of Kim Optical Clinic advised people to use “artificial tears” to soften up the eye's surface. He also advised people not to rub the eyes and to wear safety glasses when it feels like the wind is hurting the eyes.

“With yellow dust expected to get into the eyes, people should pay extra attention to eye health,” he said.

8 Percent of Students Have Run Away From Home

Eight out of every 100 teenagers have had one or more experiences of running away from home, mainly because they "hate" their parents, a government report showed Wednesday.

Four in 10 have at one time or another felt a strong impulse to leave their home, according to the National Youth Policy Institute. This suggests that parents and children don't communicate well with each other.

The institute surveyed a total of 8,533 elementary, middle and high school students aged between 12 and 18 about their family environment and its possible relations to running away.

Fifty-two percent of high school students, 45 percent of middle school students and 22 percent of primary pupils felt an impulse to run away from home. Separately, 12 percent of high school students, 8 percent of middle school students and 3 percent of elementary school students took action.

The majority said they did not like their parents: They thought their parents were intervening too much in their life and were often abusive.

Boys were more likely to run away. Baek Hye-jeong, researcher at the institute, said, "Males are conventionally more vulnerable to sudden urges. The fact that girls are more worried by their security may have contributed to the difference between genders."

"They were heard swearing and were often beaten by their parents. Conversely, in some cases, they were suffering from extreme neglect that no one in the family really cared about them," Baek said.

The former runaways had lower self-esteem and showed higher tendency to depression than their peers, she said.

"It seems that many juvenile problems stem from family issues. Parents really need to open up and talk free to their children and look into how they are doing in real life."

Korean Teens Fall Prey to New Disorder Internet Addiction

In February, a middle school boy visited the I Will Center, a facility in northern Seoul established to help teenagers suffering from pathological Internet use, with his mother asking for help.

He is an Internet addict who felt restless, insecure and irritable when his mother tried to make him stop playing online games.

His mother was deeply concerned about her 15-year-old son, both of them asked not to be named.

She said her boy had not slept and eaten properly for three consecutive days and nights, playing online game all day long.

For the boy, eating regular meals was a waste of time. He ate only instant noodles to save time so that he could play games with his cyberspace buddies longer.

The boy's preoccupation with the Internet had serious financial consequences to the family.

Earlier, he used his parents' credit card without getting permission from them to buy ``game items."

A month later, his mother was stunned after finding credit card bills — she said the boy spent millions of won (thousands of dollars) to purchase the game items.

His pathological Internet use not only led to his academic failure, but also dealt a blow to his family's budget.

The Ugly Side of Internet Power

``This boy was one of the extreme cases displaying the disorder that I have met here," said Kim Hyun-jung, chief psychiatrist of the center.

Kim, along with six other full-time psychiatrists, offers counseling services and coaching programs to teen Internet addicts at the center which is run by the Seoul metropolitan government.

Last December alone, they provided 1,718 teenagers suffering from Internet addiction with coaching and counseling services via phone calls or face-to-face interviews.

Kim said the influence of the Internet on secondary school students here is deeper and more widespread than parents may imagine.

``Last year, our survey of 600 students attending four middle schools in northern Seoul found that five out of 30 students showed symptoms of pathological use of the Internet," Kim said.

``I have no doubt that those teenagers' compulsive use of the Internet can lead to juvenile delinquency," Kim said.

``Our survey showed that the more they used the Internet, the more they became violent and aggressive."

Social Isolation

Kimberly Young, founder and director of the Center for Internet Addiction Recovery based in Bradford, Pennsylvania, said pathological Internet use is a source of many problems.

"Internet addiction causes problems like divorce, job loss, academic failure, physical or medical problems and social isolation," Young said in an e-mail interview with The Korea Times.

She defined Internet addiction as a pathological preoccupation with Internet use.

Young, who developed the 20-item questionnaire, dubbed the Internet Addiction Test (IAT), to measure the levels of Internet addiction, said the biggest problem caused by the disorder is social isolation on society.

"We are not communicating and children especially are learning terrible habits. They text instead of talk, they email and chat and facebook instead of talk. They are not learning teamwork and basic communication skills," she said.

In 1996, Young presented the first research on Internet addiction at the American Psychological Association's annual conference held in Toronto, Canada, in her paper, titled "Internet Addiction: The Emergence of New Disorder."

In 1998, Young first suggested that the compulsive use of the Internet is most akin to Pathological Gambling as listed under the Diagnostic and Statistical Manual of Mental Disorders.

Violent Behavior

A Ministry of Public Administration and Security survey conducted in 2008 said that 77 percent of Koreans use the Internet.

The rate of teenager Internet user is much higher than this average.

A Korea Internet and Security Agency survey in 2008 found that 99.9 percent of teenagers here access the Internet and that 85.5 percent of them log on to cyberspace every day.

The I Will Center survey found that teenage Internet addicts tend to show signs of violent and aggressive behavior more than those who are not compulsive users.

"We found students who stayed online for a long time showed an increasing pattern of aggressive behavior," said Kim.

The survey of Korean teens also found that Internet addicts showed few symptoms of social isolation, unlike the finding in studies by U.S. researchers.

"I think children suffering from Internet addiction here are not socially isolated, mainly because they play the game with their online buddies. They also communicate with their cyberspace friends in chat rooms," Kim said.

“Their interactions with their buddies online probably helped them develop their interpersonal skills.”

Juvenile Delinquents

Children staying online for long hours have often led to parent-child conflict.

Some parents attempt to remove computers from their children's bedrooms or block them from accessing the Internet to help them focus on their academic performance.

“Some teenagers turn rebellious when facing this situation. And some leave home to find a place where they can access the Internet without disturbance, such as PC game rooms. Some teenagers even stop going to school, playing games all day long,” said Kim.

“To continue to play game at such places, these children need money. They borrow money from their friends or some steal money. Hence the juvenile delinquency comes.”

Young said cases in the United States are different.

“Crime has not been studied in association to Internet use,” she said.

“The only issue in the United States is pedophiles online. Sex offenders use the Internet to seek out children very easily.”

Combating Internet Addiction

Last year, the Ministry of Public Administration and Security found in a survey that nine out of 100 Internet users show signs of pathological use of the Internet.

The ministry conducted the survey on 5,500 people aged between nine and 39 from all parts of the country.

Interviewers sat down with them for face-to-face interviews and asked them to answer a 40-point questionnaire to measure levels of Internet addiction.

The questionnaire is called K-IAT developed by Seoul National University professors. The test is based on Young's IAT and recreated questions to measure more accurately levels of Koreans' Internet addiction.

The ministry estimated that the social cost of this addiction in Korea is approximately 7.8 trillion won to 10 trillion won.

Asked if Korea has more Internet addicts, compared with other countries, Young said she cannot confirm this, saying “prevalence of the issue is poorly studied.”

The ministry has fought the new disorder with countermeasures since 2002.

Recently, it said that previous measures were not effective as the rate of those addicted to the Internet has risen over the past years.

Last week, the ministry unveiled a three-year plan to combat the new disorder.

Asked if there is a role that the government can play in helping those who suffer from Internet addiction, Young said perhaps in Korea.

“But not in the United States. The U.S. government does not support healthcare in this area currently,” she said.

English Teacher Vetting Needs Tightening

Both immigration and education authorities have long turned a blind eye to loopholes in screening "unqualified" foreign English teachers.

That inattention occasionally horrifies parents and students when such teachers show their true colors. The latest case involves a Korean-American English teacher, who police said used to be involved in organized crime in Los Angeles.

According to industry sources, "hagwon" or cram schools have improved their screening, requiring teachers to submit copies of their graduation certificates on applying for positions, but small institutes often skip this procedure. This was the case with the former gangster teacher whose true identity was recently exposed.

Under Korean visa rules, native English speakers applying for the E-2 English teaching visa are required to submit police background checks and drug test documents. However, ethnic Koreans, who can gain a residential F-4 visa, are exempted from the screening procedures.

Earlier, The Korea Times reported about complaints from E-2 visa holders and problems with the "unfair" visa policy. In response, the Korea Immigration Service (KIS) said it would not change its policy to favor ethnic Koreans, while the Ministry of Education, Science and Technology, responsible for overseeing hagwon or private institute teachers, said they would devise ways to close the loopholes.

However, the government has not come up with any measures in over a year to block unqualified ethnic Korean English teachers.

Immigration and education officials are passing the buck. "F-4 visa holders are allowed to do all kinds of jobs as it is a residential card, so hagwon supervisors have to weed out unqualified English teachers among the visa holders," said Jeon Dal-su, an official from the immigration office.

Chung Young-min, an education ministry official said, "If it's a problem regarding visas, then it should be a subject for immigration authorities."

Police announced Tuesday they arrested a group of unqualified English teachers who habitually took drugs. Among them were two Korean-Americans, who were members of gangs in Los Angeles. One fled to Korea after allegedly murdering another Korean-American and the other was deported from the U.S. after being charged with attempted murder and drug offenses.

The two used to teach children English at hagwon in Seoul, using fabricated degrees.

This is not the first case when police have caught an unqualified English teacher, wanted by Interpol. In 2008, another ethnic Korean from the U.S. wanted for murder was arrested here having taught English at hagwon for nearly 10 years.

Currently, there are 50,666 F-4 visa holders and 22,018 E-2 visa holders as of December 2009, according to KIS. Among those with F-4 visas, the government does not know how many are involved in English teaching.

In the meantime, police plan to expand their investigation of native English-speaking teachers having criminal records or using drugs. "Many hagwon blindly hire such teachers due to the English education fever in Korea. They need to be more cautious in their recruitment," said a police official.

Civic Groups Rally Against Executions

Civic and religious organizations rallied Wednesday in opposition of the Ministry of Justice's attempt to resume executions.

A confederation of 16 religious organizations and civic activist groups held a press conference at the Korean Christian Building in central Seoul.

"Justice Minister Lee Kwi-nam mentioning the possibility of resuming capital punishment is an example of populism and we strongly reject any attempt to restart executions," an official said. "Abolishing the death penalty is aimed at protecting human rights in Korea and cutting off the vicious cycle of violence. We cannot tolerate the state killing its people in the name of the law."

The list of participating organizations include Amnesty International's Korea office, the Korean Catholic Social Correction Apostolate Committee, the National Council of Churches in Korea, the Korea Buddhist Order Association Human Rights Committee and People's Solidarity for Participatory Democracy.

The justice minister hinted at the resumption of capital punishment, which is on a 13-year moratorium, when he visited Cheongsong Prison in Gyeongsang Province, last week. He

said he was considering setting up a new execution facility, dropping a hint that executions would be resumed.

The civic groups say that carrying out death sentences contradicts the international movement of complete abolition of the death penalty and profanes the honor of the virtual abolition of capital punishment for 12 years that Korea currently has.

The Constitutional Court upheld the retention of the death penalty in February, but the confederation said this did not justify the resumption of capital punishment. "Four in nine justices ruled it unconstitutional and the majority suggested reforming the system," the official said.

The groups urged the government and the National Assembly to come up with fundamental measures to prevent crimes and protect citizens. "However, resuming capital punishment or the 'protective custody system,' aimed at keeping capital offenders in custody, are not the ways to prevent major crimes," they said.

Korea introduced capital punishment in 1948 and a total of 920 people have been executed since then. Since 23 death-row convicts were put to death in 1997, there have been no executions. A total of 57 inmates remain on death row as of March 2010.

Ninety-five countries have not executed death-row criminals for over 10 years and are classified as "abolitionist countries." Korea is included in that category. A total of 58 countries still enforce capital punishment, according to Amnesty International.

Legalizing Eligibility of 'Hagwon' Teachers Sought

Education authorities and lawmakers plan to propose a bill to screen out ineligible teachers at private institutes or hagwon.

Under the current regulations, Koreans who completed at least two-year college courses are entitled to teach at hagwon without legal binding.

Officials from the Ministry of Education, Science and Technology told The Korea Times, Friday that they are likely to submit a bill to ban inadequate teachers from working at hagwon.

"There have been no attempts to regulate eligibility of hagwon teachers by law. We plan to submit a bill next month, disallowing ineligible hagwon teachers, to the National Assembly," said an official in charge.

The official added details for screening procedures have yet to decide, but hinted that Korean teachers might need to submit criminal records, if the bill is passed.

In case of foreigners, those who want to teach at hagwon are required to present criminal record and health check documents under the immigration regulations.

For now, a total of 13 bills related to hagwon are pending for approval at the parliamentary. Especially, a bill, proposed last year by Rep. Choi Young-hee of the main opposition Democratic Party, is seeking to tighten the screening of native English-speaking teachers at hagwon.

The bill is to mandate foreign English teachers to submit documents proving no criminal and drug records, whenever they are hired or transferred to other hagwon. It is because some E-2 or English teaching visa holders, once caught for taking drugs or sexually harassing children, were often found to be rehired at hagwon.

Rep. Choi said "We could have prevented those foreigners (from working at hagwon), if my bill were passed last year."

In addition, the bill stipulates "cannabinoid" tests in drug check-up in order to detect marijuana users. The immigration authorities initially planned to conduct the tests on E-2 visa applicants, but the idea was scrapped.

Another bill, submitted by Rep. Cho Jeon-hyuk of the governing Grand National Party, is to provide a mandatory course on Korean culture to native English speakers at elementary and secondary schools as well as hagwon

The Assemblyman said many foreign English teachers are involved in a number of criminals and the government needs to help native English instructors better understand local culture and also improve their teaching skills.

It is still unclear whether these bills will pass through the National Assembly.

(The Straits Times) China, S. Korea blitz film awards

HONG KONG - CHINA and South Korea blitzed the Asian Film Awards this year, dominating top honours including best picture, best actor and best actress at the ceremony in Hong Kong on Monday.

Mother, a South Korean mystery thriller about a woman's quest to prove the innocence of her mentally incapacitated son by taking it upon herself to investigate the murder of a teenage girl, grabbed the best film award.

Kim Hye Ja, who played the mother, beat China's Li Bingbing and Japan's Matsu Takako to the best actress award.

Chinese director Lu Chuan won the best director award for his feature film *City of Life and Death*, which tackles the Nanjing Massacre in 1937, where hundreds of thousands of Chinese civilians were killed by Japanese soldiers.

Wang Xueqi from mainland China won the best actor award for starring in *Bodyguards and Assassins* as a businessman who provided financial aid for the revolutionary movement led by Sun Yat-sen, Father of China, in the early 20th century.

Raise the Red Lantern director Zhang Yimou won the prize for outstanding contribution to Asian cinema. The prize for top-grossing film director for 2009 went to action supremo John Woo for *Red Cliff*, which is also reportedly the highest-grossing Chinese-language film in Chinese film history. -- AFP

(Reuters) Books get the 3D treatment in South Korea

SEOUL (Reuters) - Pop-up is so passe: South Korean scientists have developed 3D technology for books that make characters literally leap off the page.

The popularity of 3D entertainment has been given a boost by a slew of recent films, including sci-fi blockbuster "Avatar" and Tim Burton's "Alice in Wonderland."

Several companies are also offering 3D televisions and a 3D video game console will be launched soon.

At South Korea's Gwangju Institute of Science and Technology, researchers used 3D technology to animate two children's books of Korean folk tales, complete with writhing dragons and heroes bounding over mountains.

Pictures in the books have cues that trigger the 3D animation for readers wearing computer-screen goggles. As the reader turns and tilts the book, the 3D animation moves accordingly.

"It took us about three years to develop the software for this," said Kim Sang-cheol, the team leader of the project.

Kim said the technology could be used for any type of book and sees it eventually being used for images displayed over smart phones or at museums to enhance exhibits.

But those waiting for 3D books may have to wait long.

"It will take a while to market this technology to the general public," Kim said. He was not sure of the eventual price but thinks it will be affordable enough to be mass marketed.

(Reuters) Salty diet tied to stomach cancer in Korean study

NEW YORK (Reuters Health) - A salty diet may increase the risk of stomach cancer by 10 percent, South Korean researchers found in a study of more than 2 million people.

They found a "weak but positive" association between a preference for salt and an increased risk of stomach cancer.

Although the mechanisms by which salt may be involved in the development of stomach cancer remain unclear, "restricting salt intake is thought to be beneficial for preventing gastric cancer," Jeongseon Kim and colleagues from the National Cancer Center Research Institute in Goyang-si, South Korea, note in the American Journal of Clinical Nutrition.

Stomach cancer (or gastric cancer) is a major cancer in much of the world but not the United States. While gastric cancer is declining, it is still the most common cancer in Korea. Past studies have yielded conflicting results as to whether a salty diet causes gastric cancer, though most found an association between salt use and gastric cancer.

Kim and colleagues assessed the effect of salt preference in relation to gastric cancer in more than 2.2 million South Korean adults aged 30 to 80 years old. All of them provided information on diet and lifestyle and had health checkups between 1996 and 1997.

According to the Korea Central Cancer Registry, over the course of 7 years, 9,620 men and 2,773 women developed stomach cancer. According to Kim and colleagues, people who preferred salty diets had a 10 percent increased risk of developing gastric cancer.

Dr. Al B. Benson III, a gastric cancer specialist from Northwestern University's Feinberg School of Medicine in Chicago, who was not involved in the study, said while the Korean findings are not definitive, they do support the long-suspected association between salt intake and gastric cancer.

He said how salt is consumed may be important. For example, he cited a Japanese study that found that sodium in the form of table salt posed risks for heart disease but not cancer, while salted foods, such as processed fish, were associated with cancer and not cardiovascular disease.

"The implication is that in areas where salt is used as a way to preserve foods, such as pickling, there is a higher risk," Benson explained. "This link would make sense for Asian countries and Eastern Europe, including Russia in particular, where salting of foods has been a mainstay of the diet."

Benson also noted that incidence of gastric cancer, while higher than in the United States, has been declining in Korea, due largely to changes in the diet and also in food preservation of methods, especially the use of refrigeration.

The same sort of decline in gastric cancer occurred in the United States decades ago.

"Gastric cancer was the leading cause of cancer death in the United States in the 1930s, but rates have dropped over time, probably due to a number of factors," including declining rates of infection with *Helicobacter pylori* (a bacterium responsible for ulcers and stomach inflammation)," Dr. Eric Jacobs, of the American Cancer Society in Atlanta, who was not involved in the study, noted in an email to Reuters Health.

Gastric cancer no longer ranks among the 10 most common cancers in this country, Jacobs mentioned. Still, the American Cancer Society estimates that there were about 21,000 new cases of gastric cancer and 11,000 deaths from gastric cancer in the U.S. in 2009.

Should Americans cut back on salt to prevent gastric cancer? Marji McCullough, nutritional epidemiologist at the American Cancer Society, said, "It is not clear that reducing salt consumption would meaningfully reduce gastric cancer risk in U.S. populations. However, U.S. government guidelines recommend avoiding excessive salt intake in order to reduce risk of high blood pressure."

Benson said immigrants might want to take a closer look at their dietary salt intake. "If you now live in the United States, although are originally from an area of the world with high gastric cancer rates, then you should look at your current diet and consider reduction of salted foods. Otherwise, for most of the U.S. population, (the Korean) study would not be relevant," Benson noted.

Japan

Politico-Strategic Front;

Detailed News:

(The Straits times)Japan planning 14 nuke plants

TOKYO - RESOURCE-POOR Japan is planning to build at least 14 nuclear power plants over the next 20 years to reduce its reliance on other countries for its energy needs, a report said on Sunday.

The world's second biggest economy, which wants to double its provision for its fuel consumption, will make an announcement in June on whether it intends to press ahead with the plants, the Nikkei business daily said.

Japan has few energy resources and relies on nuclear power from 53 plants for nearly one third of its domestic electricity needs.

The government is eager to boost its energy self-sufficiency ratio which stands at 18 per cent at home and at 38 per cent with government and corporate interests overseas taken into account, the report said.

The government is looking to build eight nuclear plants by 2020 and at least six more by 2030 to double the figure to 70 per cent. It will provide funding to companies looking to work on nuclear power projects overseas, the report said.

(The Straits times) E. Asia currency swap pact

SEOUL - EAST Asian nations on Wednesday officially launched a US\$120 billion (S\$168 billion) regional currency swap agreement, giving them a safety net against future liquidity shortages.

The Chiang Mai Initiative Multilateralisation (CMIM) covers South Korea, China, Japan and the 10-member Association of Southeast Asian Nations (Asean).

Its successful launch shows their commitment 'to further enhance regional capacity to safeguard against downside risks and challenges in the global economy,' according to a joint statement issued by Seoul's finance ministry. The agreement will allow each member to swap local currency for dollars for an amount in proportion to its contribution.

East Asian finance ministers, meeting in the Thai city of Chiang Mai in 2000, endorsed a network of bilateral currency swap deals to avoid a recurrence of the 1997-98 regional financial crisis. The expanded CMIM pact was agreed in May 2009 at a meeting of the so-called Asean plus Three in the Indonesian resort of Bali.

Japan and China will each provide 32 per cent, US\$438.4 billion, of the total. South Korea will contribute US\$19.2 billion or 16 per cent, with the remaining US\$24 billion shared between the 10 Asean members.

The decision on providing currency swaps will be made within one week of a request when two-thirds of members vote in favour. The money must be returned within 90 days but can be rolled over up to seven times, meaning that payback can be delayed for two years, Seoul's finance ministry said.

Japan Will Propose Helipad at Camp Schwab Today, Sankei Says

March 26 (Bloomberg) -- Japan will propose to the U.S. constructing a 600 meter (1,969 foot) helipad at Camp Schwab in Nago, Okinawa, the Sankei newspaper reported, citing officials it didn't identify.

The Futenma air base would first be relocated to Camp Schwab, and eventually landfill at White Beach would serve as an alternate air base, the report said. Foreign Minister Katsuya Okada will present the plan to U.S. Ambassador John Roos at a meeting scheduled for today, the report said.

(Straits times) Backlash over foreign vote bid

TOKYO - A PLAN by Japan's centre-left leaders to give foreigners the vote in local elections has sparked a conservative backlash, showing that ethnic minority issues can touch a raw nerve in the country.

The idea is to grant local and regional, but not national, suffrage to one million permanent residents of ethnic Korean, Chinese and other foreign backgrounds, both those who were born overseas and their descendants.

But when the Democratic Party of Japan (DPJ) under Prime Minister Yukio Hatoyama floated the idea for the current parliamentary session, a key coalition partner quickly managed to derail the plan, at least temporarily.

Siding with protests from the conservative opposition, the maverick leader of the tiny People's New Party, Financial Services Minister Shizuka Kamei, this month threatened to quit the government over the issue.

'The coalition will collapse,' said Mr Kamei, warning that letting foreigners vote would 'stir ethnic sentiments and risk generating confrontation'.

Mr Kamei's move looks likely to put the plan on ice at least until after July's Upper House election, the latest hurdle in a debate over voting rights for foreigners that also include minorities from Brazil, Peru and the Philippines.

(The Straits Times) Japan PM urges defence savings

YOKOSUKA (Japan) - JAPANESE Prime Minister Yukio Hatoyama urged closer scrutiny of defence spending in order to find savings on Monday, while affirming full commitment to the alliance with the United States.

Addressing a graduation ceremony at the National Defence Academy, Mr Hatoyama gave few details on where savings might be found, but noted the country's finances were under strain.

'Even the United States, whose defence budget is growing... is trying to reduce drastically what they have judged unnecessary,' he said.

'It is indispensable that we have a viewpoint of selection and focus in the defence budget,' as well as in other fields, he told the 375 graduates at the academy in the port city of Yokosuka. 'I want active debate on how we can have effective defence by fitting together what we have now' rather than seeking a simple expansion of equipment, he said.

On ties with the United States, which have been strained by the issue of a US military base on Okinawa Island, he said: 'Japan has engaged in its defence by having its alliance with the United States as the foundation and this policy will unshakably continue under the Hatoyama government.'

Mr Hatoyama's government, which came to power in a landmark election last year, has approved a record one-trillion-dollar budget for the year from April with an emphasis on social spending, under the slogan 'From concrete to people'

(Star online) U.S. 'optimistic' on Japan base decision - military

WASHINGTON (Reuters) - A top U.S. military commander said on Wednesday he was optimistic Japan would soon agree to the planned relocation of a U.S. airbase, a dispute that has strained U.S.-Japan ties.

Admiral Robert Willard, head of U.S. Pacific Command, told lawmakers he believed Prime Minister Yukio Hatoyama would stick to a 2006 accord that included shifting the Marines' Futenma airbase to a less crowded spot on Japan's Okinawa island.

"We are optimistic that the government of Japan will fully reaffirm the 2006 (government of Japan)-U.S. agreement by May 2010," Willard said in testimony on Capitol Hill.

During the campaign that swept his party to power last year, Hatoyama raised hopes Futenma could be moved off the southern island, host to the bulk of America's 47,000 military personnel.

But there is still no sign of a feasible alternative ahead of Hatoyama's self-imposed May deadline to resolve the matter.

Willard also said he thought the Japanese government understood the time pressure and would stick to the timetable.

"There is a level of urgency in getting Futenma resolved," Willard told reporters after a congressional hearing on military construction in the Pacific command. Moving the base elsewhere on Okinawa is a critical element of the Pentagon's plan to relocate of 8,000 Marines to Guam, Willard said.

"We're very anxious to hear what the government (of Japan) thinks."

A poll published in the Sankei newspaper on Tuesday showed nearly half of those who responded said Hatoyama should quit if he fails to resolve the airbase row.

More than 73 percent of voters polled by the Sankei said they were unhappy with his management of the problem, while nearly 85 percent of respondents said they were unimpressed with Hatoyama's leadership skills overall.

(Washington post) UN meeting fails to protect marine species

DOHA, Qatar -- Aggressive lobbying from Asian nations led by Japan killed all efforts to protect marine species at a U.N. meeting, leaving environmentalists fuming Thursday that efforts to conserve bluefin tuna and sharks were undermined by commercial interests.

The bid to regulate the trade was also hampered by concerns from poor nations that such measures would devastate their fishing economies at a time that many were just emerging from recession.

"This conference has been a disaster for conservation," said Oliver Knowles of Greenpeace. "Country after country has come out at this meeting arguing for business as usual and continued trade in wildlife species that are already devastated by human activity."

The 175-nation Convention on International Trade in Endangered Species, or CITES, opened two weeks ago with calls from the United States and Europeans to give a lifeline to overfished oceans. But the meeting ended Thursday with little to show their efforts.

A bid to ban the international export of Atlantic bluefin tuna, which is key ingredient in sushi, was killed along with regulations on the pink and red coral trade. Six species of sharks failed to get protection despite studies showing their numbers had fallen by as much as 85 percent due to the booming fin trade in China and other parts of Asia.

The sole shark to get some measure of protection, the porbeagle shark, ended up losing it on the final day after Asian nations reopened the debate and voted down regulations. Some conservationists were visibly distraught when the vote tally was read.

"This is a significant setback for these marine species but we view it as only a temporary setback," Tom Strickland, who headed the American delegation, said in a statement. "We will redouble our efforts with other countries around the world to fight for the protection of marine species imperiled by international trade."

It wasn't a bust for all species. The meeting approved conservation plans to protect Asian big cats as well as rhinos. It also managed to kill proposals from Zambia and Tanzania to conduct one-off sales of their ivory stocks, over concerns they weren't doing enough to stop poaching.

Delegates also approved protection measures for 24 lesser plant, reptile and insect species, including the spectacular *Dynastes satanas* beetle and the spiny-tailed iguanas of Latin America.

But these few protection measures were overshadowed by concerns that CITES has been transformed into a body driven by big money and trade. Some compared it to the U.N. climate conference, where decisions are often made in back rooms by world leaders.

"The minute money gets involved, everything is different," CITES Secretary-General Willem Wijnstekers said. "Countries that consistently vote for conservation then vote the other way. I'm a bit lost."

Japan, for many, illustrated the changing face of CITES. It led the campaign against the listing of the marine species and spent months before the meeting lobbying aggressively.

They held a reception for select representatives at their embassy in Qatar, offering up Atlantic bluefin tuna sushi - a typical food served at Japanese formal occasions - the night before the vote on the export ban of the overfished species.

"Japan clearly mobilized massive efforts to keep fisheries out of CITES," said Mark W. Roberts of the watchdog group Environmental Investigation Agency.

Hisashi Endo, the director of the Ecosystem and Conservation Office in the Fisheries Agency of Japan, said its delegates stuck to the facts. They argued that regional fisheries bodies were better suited to regulate marine species and that the CITES ban was unfair.

"We are not pressuring anyone," Endo said. "We are talking to many countries and expressing our opinion and seeking their understanding."

But some delegates accused Japan of using tactics that went beyond diplomacy and violated the spirit of CITES.

Kenya, which fought the Japanese over tuna, accused Tokyo of pressuring delegates to support its positions and paying fisheries officials from unnamed African countries to attend the conference.

"The way we have seen this conference operate, there is a lot of influence that is quite unnecessary," said Patrick Omondi of Kenya's delegation. "That is not very good for species that are affected by trade."

Masanori Miyahara, chief counselor of the Fisheries Agency of Japan, acknowledged that Japanese government funds were used by nations to attend CITES and other fisheries conferences.

"Participation is very important for them to learn what is going on internationally," he said. "They use the money for tuna regional fisheries management meeting and other meetings."

But Miyahara denied his government "was buying votes" with such funding or bluefin tuna at its reception.

"We wanted to show what it is," Miyahara said of the tuna sushi. "You can't buy the vote by just serving bluefin tuna. That's a silly idea."

(Washington post) Japan says it won't comply with bluefin tuna ban

TOKYO -- Japan and the United States keep rubbing each other the wrong way.

Last fall, it was a quarrel -- still unresolved -- over the location of a noisy U.S. military airfield in Okinawa. This year, the stormy U.S. reaction to Toyota's recall troubles has been interpreted by many people here as Japan-bashing.

Now, the trouble is fish.

Bluefin tuna -- the crown jewel of sushi, the fish Japanese eat more of than any people on Earth -- are straining ties between the United States and its closest Asian ally.

The U.S. government said this week that it supports a proposed ban on international trade of Atlantic bluefin tuna because the species is at risk of extinction. The adult population of eastern Atlantic and Mediterranean bluefin has plunged 74 percent in the past 50 years, much of it in the past decade. In the western Atlantic, the population has fallen 82 percent.

Japan, which eats an estimated three-quarters of the world's annual bluefin catch, announced Thursday that it would not comply with such a ban.

"If worst comes to worst, Japan will have no choice but to lodge its reservations," Masahiko Yamada, a vice minister who oversees fisheries, told reporters. "Since the United States has made its position clear, it has become tough for Japan."

The proposed ban will be considered in mid-March when representatives from 175 countries meet in Doha, Qatar, to vote on measures to protect bluefin tuna and other at-risk species under CITES, the Convention on International Trade in Endangered Species of Wild Fauna and Flora.

Japan, after years of exceeding its quota for bluefin, has recently reduced its catch substantially -- and the government here says it believes it has done enough to ensure species survival.

But Japan's taste for bluefin tuna has gone global, ratcheting up prices and demand, while raiding the supply in many of the world's oceans. Many marine scientists say that a complete ban is justified by scientific data.

Monaco proposed the bluefin ban late last year, but the U.S. government did not immediately support it. The European Commission has asked that member governments go along with the ban. So far, France has signaled it would support delayed implementation, while Greece, Spain and Italy -- where fishing interests are powerful -- have opposed it. The ban needs a two-thirds majority to pass.

At Tokyo's Tsukiji fish market, where a dawn auction sets the global price for tuna, longtime veterans of the bluefin trade said Japan has been backed into a corner by its longtime friend, the United States.

"The United States just changed its position," said Takashi Saito, 76, a bluefin wholesaler for six decades. "I feel that what happened with Okinawa and with Toyota is being extended to the tuna issue as well. It is just Japan-bashing."

Bluefin tuna are by far the most valuable fish in the sea. In 2001, a single fish sold for \$173,600 at Tsukiji. Prices of \$10,000 or more per fish are routine. About a third of the bluefin sold at Tsukiji come from the Atlantic and Mediterranean region.

In the market, fish wholesalers agreed that global restrictions in the bluefin catch make sense, when they are based on academic data. But they said there is no way Japan can go along with a bluefin ban.

"There is no choice for the Japanese government," said Saito. "We Japanese eat tuna."

(Washington post) Russia says ship resumes sailing off Japan

MOSCOW -- The Russian Navy says one of its surveillance ships has resumed sailing through the Sea of Japan after reports that it was drifting and taking on water.

A statement from the navy, transmitted by state news agencies, did not confirm the earlier reports citing an unnamed representative of the Pacific Fleet.

The statement released Sunday says the ship, the Pribaltika, dropped anchor during a short period of unspecified technical problems but was now sailing under its own power.

The statement identified the Pribaltika as a "special communications" ship. Such vessels typically monitor radar, track missiles and act as communications relay stations.

The earlier reports said about 170 crew were on the ship.

Economic Frontage;

Detailed News

(The Straits Times) Japan's record budget passed

TOKYO - JAPAN'S parliament approved on Wednesday a record US\$1 trillion (S\$1.4 trillion) budget for the fiscal year from April, with an all-time high of 44.3 trillion yen in new bond issuance underlining the country's tattered finances.

Prime Minister Yukio Hatoyama has said he sees no need for economic stimulus now as the risk of a double-dip recession is receding. But he added that the government should be ready to act if necessary given lingering downside risks such as unemployment.

A tiny coalition partner in the Democratic Party-led government has called for 11 trillion yen in fresh stimulus to boost the economy before an election expected in July, amid sliding support for the government.

But analysts said big spending is unlikely as public debt is already nearly twice the size of Japan's GDP, the highest ratio among its peers in the industrialised world.

The government is keen to contain any further increase in bond issues amid the threat of a credit ratings downgrade.

Most economists expect a strong recovery in Asia to help Japan sustain its export-driven pickup from its worst recession in post-war history.

(Washington post) Toyota will replace pedals for unhappy owners

WASHINGTON -- Toyota owners who are dissatisfied with the repairs to their vehicles covered by a massive recall to address sticky gas pedals can have replacement accelerator pedals installed, according to a memo the company sent to dealers.

The Japanese automaker said in a memo obtained Tuesday by The Associated Press that if a customer is unhappy with the feel of the accelerator after the car is repaired, dealers can provide a replacement pedal at no charge.

Dealers have been inserting a piece of metal into the gas pedal mechanism to eliminate friction that was causing the pedal problem on 2.3 million vehicles involved in a January recall.

"A replacement pedal should only be offered to a customer after the reinforcement bar has been installed and the customer has expressed dissatisfaction with the operation and/or feel of the pedal," Toyota said in a memo to dealers, service manager and parts managers.

The memo, dated February 2010, said the pedal replacement "is based upon specific customer request only. Dealers are not to solicit pedal replacement." The memo was first reported by The New York Times.

Toyota spokesman Brian Lyons said owners received letters in February that mentioned they could receive a replacement accelerator pedal "if the customer is not satisfied with the appearance or performance" of their fixed vehicle. He said the memo was intended to tell dealers about "an improved parts-ordering process for the accelerator pedals" and didn't represent "a customer satisfaction policy change."

An AP review of government data found that more than 100 owners have complained to the government about problems with sudden acceleration after Toyota dealers fixed their vehicles. Toyota has said it is confident in its repairs and has found no evidence of other problems, such as faulty electronics.

Toyota has recalled more than 8 million vehicles globally over sticky pedals and accelerators that can become entrapped in floor mats, tarnishing the company's safety reputation and leading to government investigations and congressional hearings.

The memo addresses Toyota vehicles that were listed in the January recall. The vehicles include: the 2005-10 Avalon; 2007-10 Camry and Tundra; 2009-10 Corolla, Matrix and RAV4; 2008-10 Sequoia and 2010 Highlander.

"If a customer is not satisfied with the operation and/or the feel of the accelerator pedal after the reinforcement bar has been installed, please assist us by assuring a replacement pedal is provided at no charge to these customers," Toyota said in the memo.

The National Highway Traffic Safety Administration said it urged Toyota to make the new pedals available as an option because it wanted owners to get their cars fixed as soon as possible instead of waiting for new accelerators to be designed and manufactured.

Separately, a group of consumer advocates and electrical engineers said Tuesday that Toyota had discounted potential electronic problems in their recalled vehicles and the problem of sudden unintended acceleration in cars and trucks, while rare, was found throughout the auto industry.

"Electronics have weaknesses and can go wrong in many ways," said Dr. Keith Armstrong, a British electrical engineer and consultant on electromagnetic interference.

Armstrong and Clarence Ditlow, president of the Center for Auto Safety, urged Congress to require stronger design standards for electronics in vehicles and pressed the government to study potential electrical problems in vehicles. Transportation Secretary Ray LaHood has said his department intends to assemble a panel of experts to look at potential electromagnetic interference in cars and trucks that could cause unwanted acceleration.

Toyota has said it has found no evidence that electrical issues are behind the recalls. Kristen Tabar, an electronics general manager with Toyota's technical center in Ann Arbor, Mich., said in a video clip posted by the company on Monday that the automaker has eight labs in Japan that it uses to bombard vehicles with electronic interference.

She said Toyota ensures that "every system in the vehicle operates properly under those conditions."

(The Straits Times) Japan govt to see fund shortage

TOKYO - JAPAN'S government may need to issue more bonds or drop some spending plans as it faces a shortage of up to 7 trillion yen (S\$109 billion) in funds in the year to March 2012, the Nikkei newspaper reported.

An increase in bond issuance would raise the spectre of a cut in Japan's sovereign ratings as the national debt is nearing 200 per cent of its gross domestic product, analysts say.

Fitch, Moody's and Standard and Poor's have all warned Japan it faces a ratings downgrade, which could raise the borrowing costs for the most indebted of the industrialised nations and rattle investors who are already nervous about Greece's debt and the sovereign risk facing other European nations.

'The government has said it will launch a fiscal framework this year, and that could be the trigger for a downgrade if it doesn't go well,' said Mr Nobuto Yamazaki, executive fund manager at DIAM Asset Management in Tokyo.

'There is also the possibility the government will alter its campaign pledges, because even the general public accepts that some of what the government is promising is unrealistic.' The Democratic Party-led government plans to issue a record 44 trillion yen in new bonds in the budget for the business year beginning in April.

It may need to issue even more in the following year from April 2011 as it faces a 6 trillion yen to 7 trillion yen fund shortage if it is to meet the party's election pledges while tax revenues shrink, the Nikkei said without citing sources

(The Straits times) JAL to end cargo-only flights

TOKYO - JAPAN Airlines on Thursday said it will end cargo-only flights at the end of October as part of efforts to turn around its loss-making operations after it filed for bankruptcy.

But Asia's largest carrier will continue operations by using the cargo space on both its international and domestic passenger flights, it said in a statement.

Its cargo business 'will shift from using a combination of freighter flights and passenger flights to exclusively utilising the belly space of passenger flights'.

It said the move was 'a new cargo business structure that aims to secure a stable profit and that can boost the recovery of JAL's financial standing'.

The flagship carrier went bankrupt in January with US\$26 billion (S\$36.5 billion) Of debt in one of Japan's biggest ever corporate failures, but has continued flying while it goes through painful state-led restructuring.

The company posted a two billion dollar loss for the nine months to December and is planning more than 15,000 job cuts. The company's cargo business has logged declines in sales due to the global downturn and high fuel costs, the airline has said.

(The Straits times) Japan's trade surplus up 9-fold

TOKYO (Japan) - JAPAN posted a more than nine-fold jump in trade surplus to US\$7.2 billion (S\$10.1 billion) in February with exports surging 45.3 per cent from a year earlier, official data showed on Wednesday.

Japan's overall trade surplus came to 651.0 billion yen (S\$10.1 billion) in the month, soaring from the year-before surplus of 70.8 billion yen on recovering exports. The surplus was bigger than 550 billion yen the market had expected.

Exports rose 45.3 per cent to 5.13 trillion yen on higher shipments of automobiles, auto parts and microchips, according to data from the finance ministry. Imports went up 29.5 per cent to 4.48 trillion yen due to higher prices of oil and nonferrous metals.

By region, Japan's surplus with the United States surged 173.0 per cent to 395.9 billion yen and that with the European Union rose 69.9 per cent to 165.9 billion yen.

With China, Japan slipped into a deficit of 24.5 billion yen in a turnaround from the year-before surplus of 10.6 billion yen as imports from the giant neighbour rose for the first time in 16 months.

Japan's exports to China grew 47.7 per cent on robust shipments of cars and parts but imports rose by a stronger 54.3 per cent due to increased purchases of clothing, audio/video devices, computers and other electronic equipment. --

(The Straits times) Supplier stops animal testing

TOKYO - THE world's largest supplier of green tea has stopped testing its products on animals, a procedure previously used to verify the health claims used to market the beverage.

'It may cost extra money to carry out alternative tests, but we believe protecting animals is a global trend,' said Ikuo Sato, a spokesman for Ito En of Japan, in a statement Tuesday welcomed by animal rights' activists.

People for the Ethical Treatment of Animals (Peta) said it believed Ito En was Japan's first major consumer products company to stop all animal testing and called on other companies to follow its 'progressive lead.' Most consumer products from food to cosmetics are tested in some way to ensure their safety for human consumption.

Ito En previously 'conducted non-required experiments on animals in order to support health marketing claims that were used to promote its tea product,' Peta said.

'Japanese and American health agencies accept data from in vitro and human clinical studies and do not require animal tests to establish the safety and health benefits of food products,' Peta said.

Ito En gave no details of procedures used in its animal testing.

(The Straits times) Toyota aims to slash costs

TOKYO - CRISIS-HIT Toyota plans to reorganise its Japanese manufacturing operations in a bid to boost productivity and slash costs, the world's biggest automaker said on Thursday.

Toyota is aiming for annual savings of about US\$1 billion (S\$1.41 billion), said a newspaper report, sending its share price higher despite the looming threat of a mass class action in the United States over vehicle safety defects.

The auto giant said it will for the first time reorganise domestic output operations by type and size of vehicles across the group's firms. The Toyota group now makes vehicles at 17 plants in Japan, including four facilities operated by its affiliates, small-car maker Daihatsu and truck manufacturer Hino.

'Toyota is always studying ways to provide products flexibly and competitively to best meet changes in the market,' the firm said in a statement. 'The company now is reviewing domestic output to reorganise operations by type and size of vehicles.' Through the reorganisation, Toyota aims to shave 100 billion yen (S\$1.53 billion) off its annual costs by 2012, the Nikkei business daily said without citing sources.

Manufacturing similar vehicles in one location is expected to facilitate quality control and technological improvements, the report said.

One of Japan's most iconic companies, Toyota has been battered both by the global economic downturn and by its massive safety woes over faulty accelerator and brake systems.

(Star online) Japan's said wednesday exports up 45% percent in Feb Shipments to Asia account for more than half of total exports

TOKYO: Japan says exports in February jumped 45.3 percent from a year earlier, fueled by robust global demand for cars and electronics.

Exports grew to 5.13 trillion yen (\$56.7 billion), marking the third straight month of year-on-year rise, the finance ministry said Wednesday.

Car shipments to the world surged 117 percent, while electronic machinery exports climbed 46 percent. General machinery rose 31.5 percent.

Among key markets, Asia-bound exports rose 56 percent from a year earlier to 2.78 trillion yen.

The figure underscored the growing importance of Asian markets in Japan's economic recovery.

Shipments to Asia account for more than half of the country's total exports.

Shipments to the U.S. rose 50 percent 837 billion yen, with car shipments more than doubling. Exports to Western Europe were up 20 percent.

Imports climbed 29.5 percent to 4.48 trillion yen, resulting in a trade surplus of 651 billion yen.

(The star online) Toyota lifts 2010 global vehicle production plan

TOKYO: Toyota Motor Corp has lifted its global production plans by 1% to 7.57 million vehicles for 2010, anticipating better demand in Japan and other Asian markets, a source at a group company said yesterday.

The world's biggest automaker had told its suppliers in December that it planned to produce 7.49 million vehicles in 2010, but would notify them of the latest revision later yesterday, the source told *Reuters*, declining to be identified.

Fuelled by subsidized demand for fuel-efficient cars in Japan, Toyota lifted its domestic production plan by 40,000 units, the source said.

In North America, its biggest market, a recall-driven production and sales suspension prompted Toyota to lower plans by 60,000 units, but that would be more than offset by an upward revision of 100,000 units in non-Japan markets, the person said.

The new output figure, which excludes mini-vehicle unit Daihatsu Motor Co and truck maker Hino Motors Ltd, would represent a 19% jump from 2009.

Toyota, like the rest of the industry, is counting on double-digit sales rises in China and India to make up for an expected fall in European car demand after government subsidies run out.

(The star online) Toshiba eyes Gates nuclear alliance, chip plant

TOKYO (Reuters) - Japan's Toshiba Corp said it is in talks with a company backed by Microsoft Chairman Bill Gates to jointly develop advanced nuclear reactors, helping push Toshiba's stock up nearly 5 percent

Separately, Toshiba announced that it would restart plans to build a NAND flash memory factory due to a recovery in demand. It will start construction on the plant in July and begin production in early 2011.

Toshiba said it was in talks with the Gates-backed firm TerraPower to develop so-called travelling-wave reactors (TWRs), which are designed to use depleted uranium as fuel and thought to hold the promise of running up to 100 years without refuelling.

That compares with conventional light-water reactors, which require refuelling once every several years.

The Nikkei newspaper, which first reported the news earlier on Tuesday, said Gates could invest several hundred billion yen (several billion dollars) of his own money in the project, with commercialisation likely to take more than 10 years.

Toshiba spokesman Keisuke Ohmori said the talks with TerraPower are at an early stage and nothing has been decided.

Small-sized reactors like the TWR would make a good fit for emerging markets, said Deutsche Securities analyst Takeo Miyamoto.

"If you put a regular reactor like the one used in Japan in some emerging nations, that could sometimes create overcapacity and make it difficult to back that reactor up when you take the unit off line for maintenance," Miyamoto said.

"There would be demand for this type of reactor in newly developing countries," he said.

Shares of Toshiba gained 4.7 percent to 471 yen. The benchmark Nikkei average fell 0.4 percent.

Toshiba, which owns U.S. nuclear firm Westinghouse, has already developed a design for an ultra-compact reactor, known as the Super-Safe, Small and Simple (4S) and designed to operate continuously for 30 years.

Toshiba plans to start construction in the United States on its first 4S reactor by 2014 after receiving regulatory approval. The reactor would have output capacity of 10,000 kilowatts.

Toshiba anticipates that about 80 percent of the technologies used in its 4S reactor can be applied to TWRs, which will likely be comparable to many of today's reactors with output ranging from 100,000 to 1 million kilowatts, the Nikkei said.

One hurdle for commercialisation of TWRs is the development of materials that can withstand nuclear reactions for such long periods of time.

Separately, Toshiba said it had decided to start construction of its fifth NAND flash memory plant in Mie, central Japan, in reaction to a recovery in demand, driven in part by the growing popularity of smartphones.

Toshiba said it has not yet decided on the scale of the investment or output capacity. The Nikkei reported last month that Toshiba would spend about 800 billion yen (\$8.9 billion) on the plant.

Toshiba had originally planned to start building the factory in the spring of 2009 and for it to be completed this year, but it put the project on hold due to the industrywide slump.

Rivals Samsung Electronics Co and SanDisk Corp have also recently become more upbeat on the chip market.

"The flash memory industry is in an extremely tight spot right now, and makers simply cannot catch up with demand, as Apple gobbles up the bulk of the supply," said Kazutaka Oshima, president of Rakuten Investment Management.

"The supply shortfall is such that some makers even have to buy semiconductors from other makers from the spot market to satisfy their supply obligations."

(Washington post) Toyota names US exec to head quality task force

NEW YORK -- Toyota on Thursday named a top U.S. executive to head a North American quality task force, as the automaker looks to beef up quality controls following millions of vehicle recalls.

Steve St. Angelo, executive vice president of Toyota's U.S. manufacturing operations in Erlanger, Ky., becomes the company's chief quality officer in North America. St. Angelo also will sit on a separate quality review committee that will meet regularly with Toyota President Akio Toyoda. The first meeting will take place Tuesday in Japan.

Toyota Motor Corp. has created several committees to take a fresh look at its quality controls after recalls of more than 8 million vehicles worldwide that have tarnished its reputation. The company has recalled about 6 million vehicles in the U.S. alone over sticky gas pedals, pedals that can get stuck under floor mats and braking problems on its Prius hybrid.

St. Angelo's group will bring together top U.S. executives at Toyota and come up with plans to boost quality assurance and customer research, Toyota said. Dino Triantafyllos, North American quality vice president, will oversee ways to improve the visibility of customer concerns and speed safety proposals, and will play a key role in decisions about recalls.

"We are making fundamental changes in the way our company operates," St. Angelo said in a statement. "The new organization will open the lines of communication globally and enable us to respond faster here in North America to any concerns about our vehicles."

Toyota spokesman Mike Goss said the task force will work closely with a separate group of outside experts headed by former U.S. Transportation Secretary Rodney Slater. Toyota appointed Slater on March 2 to lead a panel to advise North American affiliates on quality and safety issues.

Earlier this month, Toyota launched a slew of incentives to lure buyers back into showrooms after its February U.S. sales fell 9 percent. The automaker, which usually shies away from big discounts, is offering zero-percent financing and low-priced leases to customers who buy or lease several of the recalled vehicles, including Corollas, Camrys and Avalons.

Toyota also has said it will install a brake override mechanism in all future models and retroactively on some models already on the road. The brake override, which exists on many Toyota vehicles already, automatically disengages the throttle if a driver presses on the brakes.

Washington post Japan's economy rebounds in February

TOKYO -- Japan's economy is leaping to life, with surging exports to China and the United States and rising expectations for robust growth throughout the coming year.

As China and much of Asia stormed back from recession in the past year, Japan had stood out as the weak sister in the region, with stagnant employment, creeping deflation

and a humiliating quality-and-credibility scandal at Toyota, the country's largest and most-respected company.

But data released Wednesday by the Finance Ministry show that, when the world is in a buying mood, the world's second-largest economy has lost none of its ability to export high-quality consumer electronics, automobiles, heavy equipment and assembly-line machinery.

Exports in February increased at the fastest pace in three decades, jumping 45 percent from a year ago, as shipments to all regions of the world rose, according to the government. Exports have risen sharply for three consecutive months.

Unemployment is also beginning to fall, as consumer confidence rises, along with demand for services and imported goods.

As in January, the fastest growth was in Japan's exports to China, its largest trading partner, and to other parts of Asia. These shipments rose 56 percent.

The pace of increasing exports has led some major Japanese manufacturers, such as Mitsubishi Electric, to reverse earlier estimates of annual operating losses and predict substantial increases in net income. Komatsu, the world's second-largest maker of earth-moving equipment, predicted a 50 percent increase in sales to China in the coming year.

As important, exports to the United States are also rising rapidly from disastrous declines in 2009, when many Japanese companies found it all but impossible to sell cars and electronics to recession-panicked U.S. consumers.

Exports to the United States in February rose 50 percent over the previous year -- and automobile sales rose by a record 130 percent.

Finance Ministry officials told the Kyodo news service that the latest car sale figures suggest that Toyota's quality problems have not harmed overall exports of Japanese cars and other manufactured products to the United States.

It remains unclear how Toyota, after several rounds of massive recalls and a steady drip of bad publicity, will fare this year in the U.S. and other overseas markets.

Socio-Cultural Façade;

Detailed News

(Washington post) Protection for 2 shark species fails at UN meeting

DOHA, Qatar -- Japan and China on Tuesday torpedoed proposals to protect hammerhead and oceanic whitetip sharks - heavily sought for their prized fins - in the latest victory of fishing interests over global conservation efforts.

The defeat of the U.S.-backed measures was part of an aggressive campaign by the Asian nations to oppose all marine proposals at the 175-nation Convention on International Trade in Endangered Species. They also defeated an export ban on Atlantic bluefin tuna, a proposal to regulate the coral trade and a separate shark conservation plan.

Critics accused the countries of putting business and politics ahead of efforts to protect the sharks, which are often fished only for their fins, with their carcasses discarded.

The issue has taken on more urgency due to an increasing demand for shark fin soup as increasing numbers of Chinese middle class families become wealthier. The soup has long played central part in traditional Chinese culture, often served at weddings and banquets.

Rwanda's Fidele Ruzigandekwe, who supported the shark listing, said afterward that "science had been set aside for politics."

"It's proven that shark populations have diminished and they warrant protection," Ruzigandekwe said. "Yet, most proposals were rejected. People are not properly informed and the information is being distorted because of commercial interests."

China, Indonesia and other nations that benefit from the trade in shark fins joined the Japanese-led opposition to the proposals arguing that trade restrictions were not the answer and would be difficult to apply. The shark proposals would have for the first time regulated the trade, requiring nations to among other things track their imports and exports and the amounts they catch.

"This is not about trade issues but fisheries enforcement," Masanori Miyahara, chief counselor of the Fisheries Agency of Japan, told delegates. "Poaching is a big problem. Small-scale long liners are chasing sharks all over the world."

China said it opposed the proposals because it would be "impossible" to differentiate between regulated and unregulated shark species. It never mentioned the growing demand for shark fin soup but said the ruling would put an unnecessary burden on customs officials.

Hisashi Endo, the director of the Ecosystem and Conservation Office in the Fisheries Agency of Japan, said Tokyo was already working to protect marine species but wanted the matter to be addressed by regional fishing commissions, rather than CITES.

"We are just saying that CITES is not a good place for the conservation of marine resources," said Endo. "We already are making progress on conserving marine species."

The United States, supported by Europe, Australia and many Arab countries, said regional fisheries bodies had failed the sharks with a lack of protective measures.

Widespread illegal fishing and caused populations of the endangered scalloped hammerhead, great hammerhead and the threatened smooth hammerhead to plummet by as much as 85 percent. Oceanic whitetip sharks face similar threats and their numbers are down 60 percent to 70 percent.

The hammerhead measure was only narrowly rejected by the U.N. committee, failing by five votes to take the necessary two-thirds of majority. The whitetip proposal fell nine votes short of approval.

Tom Strickland, the head of the U.S. delegation, said it was possible they would try and revive the proposals at the larger, plenary meeting, which begins Wednesday.

"It's disappointing we didn't get the two-thirds but that is the way the rules are set up," Strickland said. "We are going to continue our efforts both here and going forward to put the necessary protection in place for these shark species."

The tiny Pacific nation of Palau, which last year created the first ever shark sanctuary, joined the Americans in introducing the shark proposals. It called on countries to protect the species so they can be fished well into the future.

"Millions of sharks are killed each year to support the global fin trade, while a significant percentage of the world's sharks are threatened or near threatened with extinction," said Palau's Ministry of Natural Resources, Environment & Tourism Harry R. Fritz, adding that his country supports the protection of other shark species as well.

Conservationists were outraged by the rulings. The meeting also defeated controls for the spiny dogfish shark, a key ingredient in European fish and chips though it did approve regulations on the trade in the porbeagle shark, which is prized mostly by Europe for its high-valued meat.

"Today is a huge loss for the oceans. This is a case of politics prevailing over science," Oceana's Fisheries Campaign Manager Elizabeth Griffin said. "The world failed to stand up today to protect some of the ocean's top predators."

Jupp Baron Kerckerinck zur Borg, president of the Shark Research Institute based in Millbrook, N.Y., acknowledged he was "very disappointed and frustrated right now."

"Japan has been voting the shark proposals down because they are catching them, Singapore voted them down because they make money selling the fins and China makes money because they eat them," he said. "How can we win?"

The Pew Environmental Group said the sharks are especially vulnerable to overfishing because they are slow growing and have low reproductive rates. Fishermen, both industrial and small-scale and many operating illegally, slice off the fins and throw the carcasses back in the ocean.

(The Straits times) Japan pledges to raise Haiti aid

TOKYO - JAPAN Foreign Minister Katsuya Okada has vowed to increase the country's financial aid package for quake-devastated Haiti, already worth US\$70 million (S\$97.75 million), Japanese media said on Sunday.

He made the pledge when he met Haitian President Rene Preval in Port-au-Prince Saturday after inspecting Japanese troops involved in United Nations peace-keeping operations in the Caribbean island nation, reports said.

'Japan has already announced its assistance worth US\$70 million but we want to consider additional assistance in close consultation with the Haiti government and the international community,' he told Mr Preval, according to public broadcaster NHK.

Haiti was hit by a 7.0-magnitude quake on Jan 12, which has left at least 220,000 people dead and affected three million Haitians.

NHK reported on Friday that Japan is expected to raise the total sum to US\$100 million for long-term reconstruction and other projects. Mr Okada is scheduled to attend a donors' conference for Haiti at the UN headquarters in New York on March 31.

He told reporters after meeting Mr Preval that Haiti was in need of housing and measures against infectious diseases ahead of its rainy season, according to NHK.

(The Straits times) Japanese held over massive fraud

BANGKOK - THAI police said on Tuesday they have arrested a Japanese man accused of defrauding people of some US\$62 million (S\$86.7 million) through investment scams in his home country.

Mamoru Nagano, 65, was arrested in the upmarket Sukhumvit area of Bangkok on Monday at the request of the Japanese embassy, said Colonel Wiwat Kamchamnan from the immigration police.

Nagano is accused of violating investment law in Japan, defrauding a large number of people of a total of 5.6 billion yen in Hiroshima city.

'He is under detention and will be deported to Japan,' Col Wiwat said.

Nagano arrived in Bangkok one month ago on a tourist visa, and his arrest came after his Japanese passport was revoked by the embassy on Monday, the police officer said.

(Straits Times) Strong winds buffet Japan

TOKYO - STRONG winds buffeted Japan over the weekend, killing at least one person and injuring 46 others while disrupting air, land and sea traffic, officials and press reports said on Sunday.

The strong winds of around 60 kilometres an hour also sent out of control an annual burn at an army firing range at the foot of Mount Fuji on Saturday, killing three fire officials, police said.

A strong low-pressure system moved over the Japanese islands from west to east, packing winds of up to 135 kilometres an hour, the Japan Meteorological Agency said.

In Kita-Kyushu, a major city on the southern main island of Kyushu, a 47-year-old woman died from an injury to her neck after a steel canopy at a public parking lot caved in on Saturday, police said. 'The roof was presumed to have been bent by a strong wind,' a duty officer at the Kita-Kyushu police station said by telephone.

Public broadcaster NHK reported that at least 46 others were injured in wind-related accidents. A duty officer at the National Police Agency could not immediately confirm the report.

A total of 109 domestic flights were cancelled Sunday due to winds, delaying around 15,700 passengers. Trains in Tokyo and its vicinity were also delayed by the weather, press reports said.

(The Strait times) Japan's 'monster parents'

TOKYO - BREAKFAST for parents at day-care centres, laundry and nail-clipping done at school, a pick-up service by teachers - these are some of the requests from Japan's so-called 'monster parents'.

The increasingly outrageous demands have driven teachers' stress levels to record heights and led the Tokyo city government to publish a handbook on tips to cope with them. More than 60,000 teachers and other workers at Tokyo's public schools will get a copy by the end of March in a 10-million-yen (S\$160,000) project.

'There are so many,' a Tokyo teacher said as she recalled complaints her elementary school has received. 'A mother rings us at 7.30 am and keeps nagging for two hours... One morning she was saying 'Why did you make my child speak before other children? My child doesn't like to make a speech...',' said the teacher.

Education critic Naoki Ogi, who has conducted a survey on 'monster parents' - as they have been dubbed by the media - said that behind the problem was the introduction in the early 2000s of commercial principles in education.

Many municipalities now let parents choose which school their children attend rather than allocating one depending on the district they live in - making schools compete to woo students. Government data show the number of teachers absent from school due to mental stress has more than tripled over the past decade, accounting for 63 per cent of teachers on sick leave.

And more than 26,000 teachers and other school workers in Tokyo have insured themselves against lawsuits, up from only 1,300 a decade ago. Some stressed-out teachers have killed themselves.

(Washington post) Big in Japan? Fat chance for nation's young women, obsessed with being skinny

TOKYO -- As women in the United States and across the industrialized world get fatter, most Japanese women are getting skinnier.

Still, many view themselves as overweight. "I am quite fat, actually," said Michie Takagi, a 70-year-old grandmother and retired clothing store executive. She has a body mass index (BMI) of 19.9, which is at the thin end of normal. While the average American woman has gained about 25 pounds over the past 30 years, Takagi has gained 4.5 pounds, typical for her age cohort in Japan, according to U.S. and Japanese government figures. Skinnier still are Japanese women younger than 60, who were thin by international standards three decades ago and who, taken as a group, have since been steadily losing weight.

The trend is most pronounced among women in their 20s. A quarter-century ago, they were twice as likely to be thin as overweight; now they are four times more likely to be thin. For U.S. women of all ages, obesity rates have about doubled since 1980, rising from 17 percent to 35 percent.

Social pressure -- women looking critically at other women -- is the most important reason female skinniness is ascendant in Japan, according to Hisako Watanabe, a child psychiatrist and assistant professor of pediatrics at the Keio University School of Medicine in Tokyo.

"Japanese women are outstandingly tense and critical of each other," said Watanabe, who has spent 34 years treating women with eating disorders. "There is a pervasive habit among women to monitor each other with a serious sharp eye to see what kind of slimness they have."

Public health experts say that younger Japanese women, as a group, have probably become too skinny for their own good. Restricted calorie consumption is slowing down their metabolisms, the average birth weight of their babies is declining, and their risk of death in case of serious illness is rising.

"I would advise these women to eat when they are hungry," said Satoshi Sasaki, a professor of preventive epidemiology at the University of Tokyo School of Public Health. "They should be satisfied with a normal body."

Fatter men and children

Japan has long been the slimmest industrialized nation, thanks, in part, to a diet that emphasizes fish, vegetables and small servings. But what makes people fat around the

world -- sedentary workplaces, processed food and lack of exercise -- is also making many Japanese fat.

Adult men and children of both sexes are gaining weight at a pace that worries the government. A quarter-century ago, 20 percent of men in their 50s were overweight; now, 32 percent are.

Attempting to head off heart disease and other obesity-related illnesses, the government imposed waistline standards in 2007, requiring girth measurements at work-funded physical examinations and encouraging the rotund to diet and exercise.

Worthless' Home Syndrome Targeted as Japan Promotes Renovation

March 26 (Bloomberg) -- Japan's government, faced with more houses than households, is encouraging people to renovate their homes as a step toward creating a strong resale market.

Prime Minister Yukio Hatoyama's administration is offering environmental incentives to homeowners to remodel, rather than follow the postwar scrap-and-build policy of tearing down old houses. The ruling Democratic Party of Japan aims to boost sales of existing homes and extend their lifespan from an average of 30 years, compared with 55 in the U.S.

"Right now a man's castle becomes worthless after 25 years and is industrial waste in 40," said Takeshi Maeda, a DPJ lawmaker who helped draft the provisions. "We want homeowners to be able to make money by renting their houses or selling them so they have value as an asset just like in other countries."

Hatoyama has been struggling with persistent deflation and soaring debt since becoming premier in September and has seen his popularity decline by more than half. He pledged to reduce spending on construction, an industry that long supported the Liberal Democratic Party, which the DPJ last year ousted from more than 50 years of controlling government.

With new home sales at a 46-year-low, builders are shifting their focus to renovation. Shares of Sekisui House Ltd., Daiwa House Industry Co. Ltd., and Sumitomo Realty and Development Co. Ltd. have risen since details of Hatoyama's his 7.2-trillion yen (\$78 billion) stimulus plan, which includes the renovation incentives, began emerging in December.

Aging Population

Executives say they're adapting as Japan's population decreases in one of the world's fastest-aging countries.

"The renovation market will grow, and the market may be eventually controlled by a few big firms," said Katsunori Takahashi, head of Tokyo-based Sumitomo Realty's reform unit. "Right now our goal is to increase our share."

Japan has 57.6 million homes and 50 million families, according to Internal Affairs Ministry data. Only 13 percent of all housing sales are of pre-owned homes in Japan, compared with 78 percent in the U.S., according to government statistics.

Shares in Osaka-based Sekisui House have risen 18 percent since Dec. 1. Shares in Daiwa, also in Osaka, have gone up 17 percent and those of Sumitomo 9.2 percent. The broader Topix benchmark index is up 11 percent in that time.

Daiwa, Japan's largest home builder, aims to triple revenue from its remodeling business, from 38 billion yen now, by next year, division head Kikuo Usutani said.

'Graying Population'

"Housing starts are declining and we're facing a graying population with a low birth rate," Usutani said in an interview. "So we're strengthening the renovation sector."

Almost 23 percent of the country's 126 million people will be older than 65 this year, compared with 13 percent in the U.S., according to Bloomberg data. Japan is the world's oldest society, with a median age of 44, according to the United Nations' World Population Ageing 2009 report.

Hatoyama's stimulus includes 100 billion yen in incentives for improving home insulation. Homeowners who install double-paned windows get a rebate of as much as 300,000 yen, in line with the premier's goal of cutting greenhouse-gas emissions 25 percent by 2020. The plan also includes 500 billion yen to encourage new home sales.

"Initial uncertainty about the DPJ policy was eased by assurances the government wants to promote renovation without ignoring new housing," said Masahiro Mochizuki, an analyst at Credit Suisse in Tokyo. "The housing market will improve as the DPJ policy takes effect."

Takashi Ishizawa, an analyst at Mizuho Securities in Tokyo, said the program is unlikely to significantly boost remodeling.

‘Scrapping and Building’

“Japanese home builders have been scrapping an old house and building a new one in the past because it’s most lucrative,” he said. “It will be difficult to suddenly shift focus to the second-hand homes.”

Hatoyama’s approval rating fell to 32 percent in an Asahi newspaper poll taken March 13-14, down from 71 percent right after he came to office in September. The paper surveyed 2,082 voters and didn’t provide a margin of error.

Yano Research Institute, a Tokyo-based marketing firm, said in February that Japan’s renovation market will rise 9.4 percent to 5.8 trillion yen in 2015 from 5.3 trillion yen in 2009. New housing starts last year fell 28 percent to 788,410 units, the lowest level since 1964.

“Renovation is the only sector where home builders can expect growth,” said Junichiro Hata, secretary-general of the Housing Renovation Promotion Council, a Tokyo-based trade group.

The government’s push dovetails with a Sekisui House discount of as much as 150,000 yen to homeowners who improve energy efficiency when remodeling.

“It’s a timely policy,” Sekisui spokesman Hidehiro Yamaguchi said. “Competition is getting severe.”

Some Japanese are realizing that remodeling is more efficient and less expensive than tearing down. Masashi Kato, a 46-year-old Tokyo homemaker, recently spent 3 million yen refitting her condominium to add a bedroom for her son.

“Renovation is an efficient way of using space according to changing needs,” Kato said. “We should change the Japanese people’s tendency to buy new things and discard old ones.”