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Summary of Report:

South Korea

Politico-Strategic Front;

Owner of Tanker Begins Negotiations with Pirates

A South Korean warship, which was chasing an oil tanker hijacked by Somali pirates, has been out of Somali waters since the ship's owner began negotiations with its captors, a foreign ministry official said Saturday. The captain of the Samho Dream said the pirates are "heavily armed" and warned that they should not be provoked since the tanker is carrying a large amount of crude oil, according to the official. Naval forces aboard the 4,500-ton KDX-II destroyer had considered conducting rescue operations, but pirates warned that the safety of the kidnapped sailors would be in jeopardy if the destroyer sailed any closer, he added on condition of anonymity. The owner of the South Korean-operated, Marshall Island-flagged, Samho Dream has been in contact with pirates via a British negotiator, he said.

Obama expects North Korea to return to talks

President Barack Obama said on Tuesday he believed that sanctions against North Korea would eventually work and that Pyongyang would return to the six-party talks over its nuclear program. He said that as pressure builds, Pyongyang will want to break out of its isolation and "we'll see a return to the six-party talks and ... we will see a change in behavior."

Korea to Work With UN on Non-Proliferation

President Lee Myung-bak and U.N. Secretary General Ban Ki-moon agreed in Washington D.C. Monday to work closely together to promote the peaceful use of nuclear energy and address challenging global issues, such as climate change and poverty. They met on the sidelines of the two-day Nuclear Security Summit. Ban offered his condolences to South Korea over the sinking of the Navy's frigate Cheonan near the sea border with North Korea on March 26. Lee called for cooperation from the United Nations to find the exact cause of the naval disaster, Cheong Wa Dae said. In response, Lee praised Ban's leadership and pledged to continue to cooperate in the U.N.'s initiatives in fighting nuclear proliferation, global warming and implementing its ambitious Millennium Development Goals, which call for reducing extreme poverty, according to the presidential office.

South Korea to host nuclear summit in 2012: Obama

President Barack Obama on Tuesday announced that South Korea would host the next nuclear security summit in 2012, sending a clear signal to North Korea, whose development of a nuclear bomb has raised serious security concerns in the region. Obama was speaking to leaders assembled in Washington for a nuclear security summit.

'North Korea May Risk Gaeseong Project'

Minister of Unification Hyun In-taek predicted Tuesday that in the worst-case scenario, North Korea may go ahead with the closing of the Gaeseong industrial complex if confrontation over the joint tourism project shows no sign of abating. Previously, the North separated the Gaeseong complex from inter-Korean relations. North Korea insisted its leader Kim Jong-il already stated that South Korean visitors will be safe during the tour and that the verbal commitment was enough.

Activists issue anti-Pyongyang's leaflets

South Korea said Monday it could not stop activists launching anti-Pyongyang leaflets across the tightly guarded frontier despite North Korea's threat to restrict border crossings in retaliation. The North's military warned Saturday that it would take "decisive measures" soon unless the South curbed what it called a "despicable psychological smear campaign." As a first step, it threatened to scrap military agreements guaranteeing the safety of South Koreans crossing the border — a move that would effectively halt passage to and from a joint industrial estate at Kaesong in the North.

South Korea Says Ship Sank After ‘External Explosion’

Officials investigating the mysterious sinking of a South Korean warship in waters disputed by North Korea believe that the ship was hit and torn apart by an “external explosion,” the government announced Friday. Its first official statement on the cause of the sinking came amid rising official and private speculation over a possible North Korean involvement. “It was highly likely that it was an external, rather than internal, explosion,” Yoon Duk-yong, head of the government team of military and private investigators, said at a nationally televised news conference. It will take more investigation to determine what and who may have caused the external impact, said Lieutenant General Park Jong-yi. But South Korea’s defense minister, Kim Tae-young, had earlier said that it was investigating the possibility that the 1,200-ton ship, the Cheonan, was hit by a North Korean torpedo or naval mine.

Korea-Kazakhstan Summit Due April 22 in Seoul

Kazakhstan's President Nursultan Nazarbayev will visit South Korea from April 21 to 23 for a summit with President Lee Myung-bak on April 22, Cheong Wa Dae announced Thursday. The summit will focus on consolidating a strategic partnership between Seoul and Astana with joint projects to develop oil and natural gas and industrial infrastructure in the Central Asian country expected to be high on the agenda. The leaders will also discuss ways to strengthen collaboration on regional security issues, the presidential office said. Under the agreement, Korean firms secured the right to explore the Jambil maritime oil block in the Caspian Sea. Korea also agreed to provide funds and necessary technology to build a power plant near Balkhash Lake, a \$2.5-billion project. Seoul is also helping build a new shipyard in Kuryk and providing assistance for the country's IT and railroad industries.

South Korea raises war ship, seeks clues on blast

South Korea on Thursday lifted the stern of a naval ship that sank after an unexplained explosion near a contested sea border with North Korea to see if Pyongyang may have had a hand in the incident that killed dozens. South Korea's defence minister said this month the 1,200-tonne Cheonan may have been hit by a torpedo, immediately putting suspicion on North Korea and stoking concerns that the incident could start a conflict on the long divided peninsula. Twenty-two bodies of the 46 sailors who went missing have so far been recovered from the ship's stern, the defence ministry said. The bodies of two other sailors were found before the salvage operation, and 58 were rescued alive. Government officials said Seoul was looking at all possibilities for the sinking and expected the raised stern to provide clues on what caused the explosion.

North Korea suspected in blast that sank warship

The likelihood North Korea sank a South Korean naval ship near their disputed border rose when Seoul said on Friday an external explosion probably caused the ship to split in two, killing dozens. South Korea's defense minister said this month the 1,200-tonne Cheonan may have

been hit by a torpedo, immediately putting suspicion on North Korea and stoking concerns that the incident could start a conflict on the long divided peninsula. South Korea expects to raise the front part of the ship in the next few days as it searches for clues to one of its deadliest naval disasters since the 1950-53 Korean war ended in a cease fire.

N Korea accuses south of framing it in ship sinking

North Korea accused South Korea on Saturday of spreading false rumors that the communist North was to blame for the mysterious explosion that sank a southern warship near the tense sea border. North Korean officials have denied involvement in the blast that broke the 1,200-ton Cheonan into two pieces March 26 during a routine patrol near sea border, killing at least 38. South Korean officials have not openly blamed the North for one of its worst naval disasters, but an investigator said Friday the explosion was most likely external. Officials have not ruled out a North Korean floating mine or torpedo in the disputed border waters where three past inter-Korean naval battles have been fought.

North Korea denies it sank South's navy ship

North Korea on Saturday denied that it had sunk a South Korean naval vessel near their disputed sea border late last month. There has been growing speculation in the South that the ship had been hit by a North Korean torpedo, killing nearly 50 sailors.

Search for 8 Missing Sailors Suspended

The search for the eight sailors who remain missing more than three weeks after the sinking of the Navy frigate Cheonan was halted Friday following tearful requests from their families. "The families of the missing sailors asked the authorities to stop search operations in the salvaged stern of the ship," a defense ministry official said. "They requested the authorities to concentrate on the search and salvage of the remaining part of the ship." The stern of the frigate was raised Thursday and placed on a barge, but eight crewmembers were still unaccounted for after the bodies of 36 seamen were recovered. Following the families' request, the stern of the 1,200-ton ship will be moved to the 2nd Fleet's naval base in Pyeongtaek by tomorrow. The stoppage came just hours after a Navy rescue team resumed searching the stern of the frigate. The odds of their survival are very low, experts said, adding that it was highly likely their bodies had been carried away by the tides or torn apart by the explosion.

Economic Front:

No South Korea rating rise due to North risk: S&P

Standard & Poor's has no plan to raise South Korea's sovereign credit rating as long as the risks involving the North Korean leadership persist, an official at the ratings agency told Reuters on Thursday. "We also see the situation in North Korea seems to be deteriorating. We now know that (North Korean leader) Kim Jong-il is sick and has yet to appoint a formal successor," Kim Eng Tan, credit analyst at Standard & Poor's Ratings, said in a telephone interview from

Singapore. He said Standard & Poor's forecast South Korea's economy, the fourth-largest in Asia, would grow between 5 percent and 5.5 percent this year after a 0.2 percent gain. The central bank expects a 5.2 percent rise.

S. Korea Hyundai revises bond price guidance -sources

South Korean carmaker Hyundai Motor Co. (005380.KS) plans to sell a five-year dollar bond at a lower than previously indicated spread range, two sources close to the deal said. It will price the bonds at a spread of 205 basis points over U.S. Treasuries with a range of +/- 7.5 bps, compared with an earlier indicated price of around 210 basis points above. The deal is likely to price later on Monday.

LG to invest \$18 billion in eco business, cutting emissions

South Korea's LG Group will invest 20 trillion won (\$17.90 billion) through 2020 to develop environmentally-friendly businesses and reduce emissions by 40 percent against 2009 levels, unit LG Corp said on Monday. The group is South Korea's fifth-largest by assets and led by LG Electronics, LG Display and LG Chem. It will split the investment between green research and development and facilities to cut 50 million metric tones of greenhouse gas emissions per year by 2020, a statement from LG Corp said. South Korea, 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. Samsung Electronics has also said it would invest 5.4 trillion won in green research and development and facilities to make the world's largest memory chip maker a leading eco-friendly company by 2013.

Firms poised for Saudi refinery deals await Conoco-sources

South Korean, Spanish and Indian contracting firms were poised to win contracts from Saudi Aramco and ConocoPhillips (COP.N) to build a new Saudi oil refinery, industry and trade sources said on Tuesday. The deals were pending Conoco's final investment decision on the joint venture refinery at Yanbu on the kingdom's Red Sea coast, sources said. After considering bids for the projects, Aramco and Conoco have pencilled in South Korea's SK Engineering [SKEC.UL] to build a crude unit, Daelim Industrial (000210.KS) for a gasoline unit, and GS Engineering (006360.KS) to build a hydrocracker, industry sources said.

IFC, sovereign wealth funds partner in \$800 mln fund

The International Finance Corp said on Monday it would partner with sovereign wealth funds and pension funds from Azerbaijan, the Netherlands, Saudi Arabia and South Korea in an \$800 million fund that will invest in companies in Africa and elsewhere. IFC, the World Bank's private-sector lender, said it had invested \$200 million in the fund and additional commitments were from Dutch pension fund manager PGGM, Korea Investment Corp, State Oil Fund of the Azerbaijan Republic and a fund investor from Saudi Arabia. The fund will be managed by IFC Asset Management Company, a wholly-owned subsidiary of IFC, which will buy equity stakes in companies in Africa, Latin America and the Caribbean. World Bank President Robert Zoellick in 2008 called on state-owned wealth funds to invest some of their cash in potentially

lucrative markets in developing countries to boost economic growth through investment in companies.

S. Korea expects to add over 300,000 jobs in April

South Korea expects to add more than 300,000 jobs year-on-year in April via sustained efforts to improve the job market, the government said on Wednesday. The country added 267,000 jobs in March from a year earlier, the biggest gain since December 2007, Statistics Korea data showed earlier.

South Korea Credit Ratings Upgraded by Moody's to A1

South Korea's credit ratings were raised to A1 from A2 at Moody's Investors Service as the central bank increased its 2010 economic growth forecast and unemployment fell the most in a decade. South Korea's currency, the region's second-best performer in the past 12 months, strengthened and stocks extended gains after Moody's move, which places the country on a par with China and Slovakia. The Bank of Korea said today it will maintain an accommodative monetary policy for the time being after forecasting that the economy will expand this year at the fastest pace since 2006. The benchmark KOSPI index extended gains after Moody's announcement and climbed 1.5 percent to close at the highest level in 22 months. The currency advanced to a 19-month high against the dollar, and the yield on 5-year government bonds rose two basis points to 4.54 percent. South Korea's exports rose 35.1 percent in March and industrial production climbed 3.6 percent in February, more than twice economists' forecasts. Samsung Electronics Co., Asia's biggest maker of semiconductors, flat screens and mobile phones, said April 6 that first-quarter profit increased sevenfold after demand for personal computers and televisions drove up prices. 'Possible Imbalance' "The bank is mindful of a possible imbalance in the economy that may result from a prolonged implementation of the accommodative policy," it said in a report to lawmakers today. Going forward, the bank will adjust "the degree of accommodative policy at an appropriate pace and depth," taking into consideration the domestic and international financial and economic environment, it said. The nation's jobless rate fell to 3.8 percent from 4.4 percent in February, after hitting a 10-year high of 4.8 percent in January, according to a report today.

Iran's Entekhab wins bid for S. Korea Daewoo Elec

Iranian appliance maker Entekhab Industrial Group has been named as the buyer for South Korea's Daewoo Electronics in a deal reportedly worth more than \$540 million, beating Swedish giant Electrolux (ELUXb.ST). Daewoo's leading creditor Woori Bank said in a statement that creditors would sign a preliminary deal with Entekhab, aiming to close the final agreement by the end of July. Daewoo said the Iranian company already sold Daewoo products in the Middle East.

S. Korea Mar exports to U.S. rise most in nearly 6 yrs

South Korean exports to the United States in March reported the biggest annual growth in almost six years, revised trade data showed on Thursday, indicating global trade is recovering.

Sales to the United States, South Korea's No.2 overseas market behind China, rose 38.7 percent in value in March over a year earlier, the fastest gain since July 2004, the Korea Customs Service said.

S. Korea March LNG, coal imports rise yr/yr

South Korea's imports of liquefied natural gas (LNG) surged nearly 30 percent year-on-year in March on higher power demand, customs data showed on Thursday. South Korea, the world's second-largest LNG buyer after Japan, imported 3.4 million tonnes of LNG in March, up from 2.7 million tonnes a year earlier, according to the Korea Customs Service. State-owned Korea Gas Corp (KOGAS) (036460.KS), the world's biggest corporate buyer of LNG and South Korea's sole wholesaler, said last Friday it sold 3.3 million tonnes of LNG in March, up 33 percent from a year earlier on healthier demand for power.

Seoul shares hit 22-mth high on banks, shipyards

Seoul shares rose to hit a 22-month intraday high on Thursday with Moody's South Korean sovereign rating upgrade and positive earnings from JPMorgan (JPM.N) boosting financials, while shipyards also climbed. The Korea Composite Stock Price Index (KOSPI) was up 0.63 percent at 1,746.22 points as of 0126 GMT, after touching 1,747.38 points, the highest intraday-level since June 2008. "The Moody's upgrade gives foreign investors another very good reason to pick up Seoul stocks. It casts a broader, positive outlook on not only the South Korean economy, but also corporate performance," said Lawrence Kim, a market analyst at Woori Investment & Securities.

Socio-cultural Front:

Adoption Rare for Multicultural Children

Multicultural children abandoned due to the breakup of their families are becoming a new social issue. According to the Seoul Child Welfare Center, there are currently 10 multicultural children in their custody. The number had jumped from two in 2008 to seven in 2009. In addition, some 10 multicultural children have been admitted to temporary child shelters in Uijeongbu and Anyang, Gyeonggi Province. Most children in these childcare facilities are from immigrant mothers, from countries such as China, Vietnam and the Philippines, married to Korean fathers. Some multicultural families separate due to problems such as domestic violence. These children of mixed-race face difficulty in finding adoptive homes due to social prejudices.

South Korea Starcraft gamers accused of match rigging

Players control armies of different species that do battle in StarCraft. Police in South Korea are investigating allegations of match fixing by professional players of sci-fi-themed strategy game StarCraft. The game, made by World of Warcraft developer Blizzard, is enormously popular in South Korea. Leagues of professional players compete in televised tournaments and receive coaching and sponsorship. However, some players and officials are alleged to have accepted bribes from gambling websites to rig the games.

South Korea to put curfew on online games for kids

South Korea plans to cut off on-line video games at midnight for school-age children and allow parents to set limits on playing hours to curb problems of Internet gaming addiction in the world's most wired country. The sensational case in March of parents whose infant daughter starved to death while they were playing games on the Internet raised concerns in the country about gaming addiction and calls on the government to act. Under the plan announced this week by the culture ministry, computer game companies were asked to put in place voluntary restrictions by the end of the year for children that also try to cut down on the hours adults play games. South Korea, which has one of the world's highest penetration rates for high-speed broadband connections at homes, is also saturated with PC rooms where gamers spend long hours in front of computer monitors.

60 Percent of Teens Engage in Unprotected Sex

Only one in three Korean teenagers engaging in sexual intercourse use a contraceptive, leading to a high rate of pregnancy, abortion and venereal diseases, the Korea Centers for Disease Control and Prevention (KCDC) reported Monday. Some 41 percent of juveniles having sex use some kind of contraceptive and 11.1 percent of them have suffered from STDs, according to the report. The 2008 survey finds that 9.7 percent of teenage girls with sexual experience had been pregnant, up from 9.3 percent from the previous year. Of the pregnant teens, 88.3 percent opted for an abortion.

Yang finds fairways and takes lead at China Open

Asia's first major winner Yang Yong-eun put his trust in his driver and cut through gusting winds at the China Open on Saturday to move to the top of the third round leaderboard with a bogey-free 68. The South Korean, one of only three players not to card a bogey in difficult conditions, holds a one-shot lead over Jamie Donaldson of Wales and Finn Mikko Ilonen going into the final round. Blustery breezes made the links-style holes particularly difficult for the players. Toughest of all was the 492-yard par-4 18th, playing straight into the wind. Several players strayed into fairway bunkers, while US Ryder captain Corey Pavin took his driver off the fairway but still pulled up short. Yang seemed untroubled by forecasts of bad weather on Sunday.

Numbers of Gangsters on Steep Increase

The number of active gangsters in Korea has increased by over 30 percent in the past eight years, but the number arrested has halved, the Supreme Public Prosecutors' Office said Monday. According to its report, there are 5,450 people involved in various criminal syndicates here as of the end of 2009. The number has increased from 4,153 in 2001, 5,075 in 2006 and 5,413 in 2008. There are a total of 223 known crime rings, compared with 199 in 2001. However, the number of those arrested marked 604 in 2009, a fall from 1,348 in 2001, 879 in 2005 and 667 in 2007.

'40 Percent of Actors Considered Suicide'

Four out of every 10 actors here have been suffering from depression and have had suicidal urges from time to time, according to a degree paper by actress Park Jin-hee, Tuesday. About 20 percent have actually purchased toxic agents or "devices" for suicide, she revealed, claiming that the extreme stress to stay attractive and to remain in the limelight drives them to mental instability and leads them to make drastic choices. For her masters degree paper for Yonsei University, "Studies on Depression and Suicidal Urges Among Actors," Park, who has played leading roles in numerous movies and TV dramas, interviewed 260 actors last year with incomes ranging from 10 million won-per-episode to less than 1 million won a month. She found that 40 percent were suffering from depression.

Expats Single Out Tuition Costs as Biggest Problem

Foreigners living in Seoul think the largest problem in education here is the high tuition fees, according to a survey by Seoul City, Wednesday. It surveyed 46,153 citizens who were over 15 years old at 20,000 households and 2,500 international residents in Seoul, in the seventh edition of the survey that began in 2003. As of 2009, 256,000 international residents were living in Seoul. The number of expatriates has jumped since 2003, but the pace has been slowing since 2008 due to the global economic crisis. There were more female foreigners (52 percent) than males (48 percent) and those in their 40s took up the largest share at 27 percent followed by 21 percent in their 50s and 30s, respectively. By nationality, Asians accounted for more than 90 percent, including Chinese who made up three-fourths of the total.

Yu-na Voted Most Favored Korean Celebrity in Japan

South Korea's figure-staking queen Kim Yu-na was voted the number one Korean celebrity in Japan in terms of their "feeling intimate" while her Japanese archrival Asada Mao topped the survey among South Koreans for the same category, a joint poll by South Korea's Hankook Ilbo and Japan's Yomiuri newspaper revealed Saturday. Kim topped the poll as 50 percent of Japanese respondents picked her, followed by Lee Seung-yeop (21 percent), a baseball player, currently playing for the Yomiuri Giants in Japan, tailed by Bae Yong-joon (18 percent), an actor.

Spy drama pulls S. Koreans to Akita

South Korean tourists are flocking in large numbers to snow-covered Akita Prefecture thanks to a South Korean TV spy drama featuring the popular Lee Byung Hun. The Japan office of South Korean travel agency Hanatour said about 1,500 sightseers from South Korea showed up in January and February, about 50 times more than during the same period last year. The surge forced the agency to route tourist groups through Aomori airport north of Akita because the direct flights between between Akita and South Korea couldn't handle the extra numbers. Akita Prefecture became a popular destination after the hit TV drama "Iris" was broadcast from last October to December. Its average ratings exceeded 30 percent. Lee played an intelligence agent fleeing to Akita. The drama was partly filmed in 20 locations in Akita in March 2009, including

snow-covered Lake Tazawa in Semboku and the Nyuto hot-springs resort. Local people are working hard to keep the momentum going and make sure it is not a fleeting phenomenon.

JAPAN

Politico-Strategic Front:

Japan-U.S. working-level talks on Futenma delayed: Okada

Foreign Minister Katsuya Okada indicated Saturday that the time is not yet right for Japan and the United States to hold working-level talks on the relocation of U.S. Marine Corps Air Station Futenma in Okinawa Prefecture. Prime Minister Yukio Hatoyama said separately he will continue to make efforts to resolve the Futenma issue by May as pledged, although he admitted he expects the road ahead to be rocky. Tokyo and Washington were planning to hold bilateral working-level talks after the government finalized its plan on altering an existing bilateral accord on the base's relocation.

The DPJ's new manifesto

The Democratic Party of Japan has started preparing a new election manifesto for the coming Upper House election and is scheduled to adopt it by the end of May. Making promises that aren't financially feasible will only cost the party popular support. Therefore the DPJ should carefully review its 2009 election manifesto and revise it accordingly. Because DPJ Lower House members were busy campaigning, the 2009 manifesto was rather hastily thrown together and contained shortcomings. The DPJ plans to hold town meetings in the nation's 300 Lower House election districts this month. It should carefully listen to people's opinions and give them full weight when it draws up the new manifesto. Given the shortages of funds, a prioritization of promises and a scaling down or dropping of promises seem inevitable. The DPJ should also not reject the option of raising taxes in the future. The best way for the DPJ to gain people's trust is to provide detailed explanations and sincere apologies when it is forced by circumstances to break promises. Most importantly, the DPJ must show the blueprint of a future Japan that can provide the people with a worthy goal and harness their energy and creativity.

Iran bars ex-president Khatami from travel-website

Moderate former Iranian President Mohammad Khatami has been barred from travelling abroad, the pro-reform Parlemannews website reported on Thursday. "Mohammad Khatami was barred from leaving Iran to attend a conference in Japan," an unnamed source told the website. The source did not give details. Khatami was supposed to leave Tehran for Japan on Thursday night ... to take part in a conference on nuclear disarmament in Japan." There was no immediate comment from Iranian authorities, or from Khatami's allies. The authorities blame the

opposition leaders for trying to topple the clerical establishment, which is also locked in a standoff with the West over Iran's nuclear work.

Secretive counterfeiting treaty talks open up

A controversial plan to crack down on online piracy and counterfeiting will be opened up to public scrutiny for the first time next week, when the negotiating text of a secret international copyright treaty will be made public, the European Commission said Friday. Negotiations over the past two years have been conducted in secret. Leaks of the draft text have sparked a public outcry, mainly because of how the text deals with online copyright infringement. Countries involved in talks on the Anti-counterfeiting Trade Agreement (ACTA) agreed unanimously to make the documents available to the public at a meeting in New Zealand this week, the Commission said in a statement. Participants include the U.S., E.U., Japan, Canada, Australia and South Korea, New Zealand and Switzerland.

Protest against Sumitomo Bolivia mine worsening

Bolivian peasants on Friday stepped up their protest against the San Cristobal mine owned by Japan's Sumitomo Corp (8053.T), overturning containers full of mineral ore and saying they would keep blocking a key railway line until their demands are met. Protesters on Monday began the blockade of the rail line, which allows the huge San Cristobal silver-lead-zinc mine to export ore to foreign markets via neighboring Chile. He said protesters had seized control of 80 loaded containers of ore, overturned several of them, and stormed a small San Cristobal office near the border with Chile. In a press statement sent on Friday afternoon, San Cristobal, which is fully-owned by Sumitomo, said the protest about 60 miles (100 km) east of the mine is hurting its "economic and productive activities." Throughout the Andean region indigenous groups are demanding greater control over natural resources and a bigger share of their countries' mining and energy revenues. Many oppose foreign investment in extractive industries altogether. According to local media reports, the San Cristobal protesters were also demanding drinking water and electricity for their communities in the Andean highlands. According to Sumitomo's website, the mine is the world's sixth-largest producer of zinc and the third-largest producer of silver. San Cristobal started operations in August 2007 and has a mine life of 16 years. San Cristobal, in the mineral-rich Potosi region, is one of the largest mines in landlocked Bolivia. It produces some 1,300 tonnes of zinc-silver ore, and 300 tonnes of lead-silver ore per day.

Support for Japan govt drops further ahead of poll

Support for Japanese Prime Minister Yukio Hatoyama's government has sunk to 23.7 percent, a poll by Jiji news agency showed on Friday, threatening his Democratic Party's chances of winning a midyear election. Voters have been disillusioned by financial scandals enveloping the party's No.2 executive Ichiro Ozawa and other Democrats, and by Hatoyama's perceived lack of leadership skills. But recent polls by television networks show support has been languishing just above or below 30 percent.

Hatoyama reiterates Futenma vow while dining with Obama

Prime Minister Yukio Hatoyama said he told U.S. President Barack Obama on Monday that the question of where to relocate the Futenma military base will be concluded by the end of May. Hatoyama, speaking to reporters after informal talks with Obama during a working dinner for the two-day Nuclear Security Summit, said he asked for acknowledgment of the need to ease the base-hosting burden on Okinawa residents. Asked if the conclusion by the end of May means Tokyo and Washington will have sealed an agreement on Futenma, Hatoyama said a conclusion can't be reached without contact with the United States. A National Security Council spokesman said the two leaders reaffirmed their commitment to further strengthen the alliance as this year marks the 50th anniversary of the revised bilateral security treaty.

Japan may hold general election if PM resigns: minister

Japan could hold a general election if Prime Minister Yukio Hatoyama steps down ahead of an election for the less powerful upper house of parliament this year, Jiji quoted a cabinet minister as saying on Thursday. The remark was made by the national strategy minister, Yoshito Sengoku.

Uighur, Dalai Lama to get visas

The government plans to issue entry visas for Uighur activist Rebiya Kadeer to visit next month and the Dalai Lama to visit in June, despite China's demand that Japan not let them in, sources said Thursday. Both Kadeer and the Dalai Lama, criticized by China for allegedly engaging in what it calls separatist activities, will be visiting Japan for the second time since the Democratic Party of Japan came to power last August. Their trips will signal the continuation of Japan's policy of accepting the two as visitors.

U.S. floats modified plan on Futenma

The United States has sounded out Japan on modifying the existing plan on relocating U.S. Marine Corps Air Station Futenma in Okinawa by moving an airfield further offshore than the current accord specifies, sources close to bilateral ties said. Washington is also considering returning to Japan the bombing ranges on the islands of Kumejima and Torishima, as well as part of a water area east of Okinawa, which are all used by the U.S. military, if Tokyo agrees to implement the 2006 Futenma relocation plan or the suggested modification, the sources said.

Okinawa Gov. Hirokazu Nakaima had previously requested that the government consider moving the proposed airfield further offshore, citing noise and other environmental concerns. U.S. Defense Secretary Robert Gates indicated during his visit to Tokyo last October that he would accept such a modification. Hatoyama is still vowing to resolve the matter by the end of next month. Okada avoided giving a clear-cut answer at that time, according to the sources

Economic Front:

BOJ's Shirakawa: Japan economy growth rate to rise

Bank of Japan Governor Masaaki Shirakawa said on Thursday the country's economic growth rate is expected to gradually increase as improvements in corporate activity spread to the household sector. "The risk of another sharp deterioration in Japan's economy has receded significantly," Shirakawa said in a speech to the central bank's regional branch managers.

Meiji Yasuda to boost its unhedged foreign bonds

Japan's Meiji Yasuda Life Insurance Co said on Wednesday that it plans to boost its unhedged foreign bond holdings in a bid for higher yields, a move that could weigh on the yen in the coming months. The nation's third-largest insurer also said it would reduce its hedged foreign debt holdings due to rising hedging costs amid the prospect that the United States will raise interest rates sooner than the euro zone or Japan, suggesting more fund flows into longer-dated Japanese government bonds. Japan's top nine insurers held around \$1.6 trillion in assets -- about the size of Brazil's economy -- and their investment moves are followed closely by domestic and overseas market players. The euro stood around 127.50 yen EURJPY=, off a one-year low below 120 yen struck in February. Meiji Yasuda also said it would cut its hedged foreign debt by 200 billion yen due to rising hedging costs, with the prospect of interest rates rising in the United States earlier than in the euro zone or Japan. It added that it would increase its holdings of domestic bonds by a net 1 trillion yen in the 2010/11 financial year. Meiji Yasuda manages 24.3 trillion yen of assets on behalf of policy holders, of which 6 percent was invested in foreign bonds at the end of March 2010.

Japan JAL CDS auction set for April 22 -ISDA

An auction to settle credit derivatives contracts on Japan Airlines Corp (JAL) (JALFQ.PK) will take place on April 22, an official from the International Swaps and Derivatives Association (ISDA) said on Thursday. JAL and two subsidiaries filed in January for bankruptcy protection with a combined \$25 billion in debt -- one of the largest corporate failures in Japanese history.

Mazda may fix 280,000 Mazda3/Axelas worldwide

Mazda Motor Corp (7261.T) said on Thursday it would recall 89,822 Mazda3/Axela compact cars in Japan and China to fix a problem with the oil hose, and a further 191,503 sold elsewhere could be subject to repairs. In a filing with Japan's transport ministry, Mazda said driving on rough roads for an extended time could cause the oil hose to rub against the radiator's protective panel, causing oil to leak with wear. In the worst case, the car would be unable to start, it said. No accident or complaint had been reported in Japan from the defect, Mazda said.

Tokyo Electron FY oper profit seen at JPY60 bln-Nikkei

Japan's Tokyo Electron Ltd (8035.T), the world's No. 2 chip equipment maker, is expected to post an operating profit of about 60 billion yen (\$644.9 million) for the year ending March 2011, the Nikkei business daily said. Sales are expected at 630 billion yen, helped by steady

Chinese demand for semiconductor and LCD panel manufacturing equipment, the paper said. The market for semiconductor manufacturing equipment is forecast to jump 40 percent to 50 percent this year, and Tokyo Electron's sales are expected to top the market average, the business daily said. The company's operating profit margin is expected to recover to around 10 percent in fiscal 2010, the Nikkei said.

Japan manufacturer pessimism lifts-Reuters Tankan

Japanese manufacturers' sentiment hit its highest level in two years as robust exports continued to drive the economic recovery, a Reuters poll showed, but they expected no further improvement in sentiment in the three months ahead. Service-sector firms were their least pessimistic since October 2008, though they lagged manufacturers. Manufacturers were also cautious about the outlook due to concerns about weak domestic demand, persistent deflation and rising commodities prices abroad, the monthly Reuters Tankan survey conducted from March 26 to April 12 showed. A negative figure means pessimists outnumber optimists. The improvement was led by export-related sectors such as machinery makers and electrical appliance makers, who benefit from brisk demand from China and other Asian economies. Seven & I Holdings (3382.T) and other leading Japanese retailers have signaled that the worst is over after a three-year downturn as they expect a modest profit recovery this year. BOJ Governor Masaaki Shirakawa said on Thursday the pace of economic growth in Japan is likely to rise gradually as improvements in corporate activity spread to households, but the central bank will stick to a very easy monetary policy to pull Japan out of deflation. In a sign that Japan's economic recovery is still spotty, revised industrial output data for February confirmed Japanese factory output fell for the first time in a year. The BOJ could say this month that consumer prices will stop falling in the fiscal year from April 2011, sources say, but analysts said it would keep its easing bias as a full-fledged escape from deflation is still a distant goal.

Panasonic plans \$160 mln aircon plant in India

Consumer electronics maker Panasonic Corp (6752.T) said on Friday it would spend \$160 million to build an airconditioner plant in India as it aims to boost sales in the country by five times over the next three years. The investment is in line with the company's strategy to boost overseas sales, company spokesman Akira Kadota said. Panasonic aims to generate 55 percent of its group sales outside Japan in the year to March 2013, up from the current 47 percent, he said. The new airconditioner facility, in the northern state of Haryana, will come on line in 2012. The company aims to raise its sales in India to around 200 billion yen in the year to March 2013, up from around 40 billion yen now, he said.

Sharp to double LCD plant capacity ahead of schedule

Sharp Corp (6753.T) plans to double capacity at its flagship LCD plant in Japan three months ahead of schedule, the latest panel maker to speed up production to meet robust demand for flat TVs. Sharp, the world's No.4 LCD TV maker, said on Friday it would bring its panel factory in the western Japan city of Sakai to its maximum processing capacity of 72,000 glass substrates a

month in July, earlier than its original plan to do so in October. The 430 billion yen (\$4.6 billion) plant is the world's first panel factory that handles so-called 10th-generation glass substrates, which are bigger than earlier-generation substrates and help reduce per-panel production costs. The move comes on the heels of an announcement by Panasonic Corp (6752.T) that it began commercial operation at its new LCD plant in Japan on Monday, earlier than its original plan to start volume output in July.

Hitachi, Toshiba beat own f'casts for 2009/10-Nikkei

Hitachi Ltd (6501.T) and Toshiba Corp (6502.T) have likely beat their own earnings outlook for the year just ended due to brisk demand for digital electronics and power plants in emerging markets, the Nikkei business daily said. Operating profit at Hitachi has likely exceeded 160 billion yen (\$1.7 billion) in the year ended March 31 thanks to growing orders for railway and power generation systems, and strong sales of flat televisions, the Nikkei said on Saturday.

That compares with the company's own operating profit forecast of 135 billion yen and the consensus of a 143.9 billion yen profit in a poll of 18 analysts by Thomson Reuters I/B/E/S.

Toshiba has likely beat its own operating profit forecast of 100 billion yen for the previous business year by about 10 billion yen as its flash memory chips, used in digital cameras and smartphones, met robust demand, the Nikkei said. No officials at Hitachi or Toshiba were immediately available for comment.

Toyota duplicates SUV problem; new US hearing set

Toyota Motor Corp(7203.T) confirmed results of a Consumer Reports test revealing a handling problem in a Lexus sport utility vehicle and sales will not resume until it is fixed, the automaker said on Friday. Separately, U.S. Congressional investigators sought more information about the review of electronic throttles by the automaker and its consult on the matter as part of a broader review this year of unintended acceleration. Energy and Commerce Committee lawmakers scheduled a May 6 hearing and asked that Toyota U.S. sales chief Jim Lentz testify. Lentz appeared before the panel in February. Toyota shares fell less than 1 percent on Friday in New York to \$79.37. Toyota halted U.S. sales of the 2010 Lexus GX 460 luxury SUV on Tuesday and stopped production overall after Consumer Reports warned of a rollover risk and issued a rare warning advising consumers not to buy it. Road handling tests by the magazine published by Consumers Union found that vehicle's rear end could slide out in a tight turn. Toyota recalled more than 6 million cars and trucks in the United States across its product line in October 2009 and in January for unintended acceleration linked to the "sticky pedal" problem and for floor mats that can trap the accelerator.

Sony Ericsson makes surprise Q1 profit

Mobile phone maker Sony Ericsson posted a surprise first-quarter pretax profit on Friday, but stuck with its forecast of slight growth in the global handset market this year. The world number four handset maker, owned by Sweden's Ericsson (ERICb.ST) and Japan's Sony Corp. (6758.T), reported a pretax profit of 18 million euros (\$25.16 million) for the period.

Japan's JFE eyes stake in India's JSW Steel-report

Japan's JFE Holdings (5411.T) is in advanced talks to buy a 14.06 percent stake in India's JSW Steel (JSTL.BO), which needs cash for its expansion plans, for about 50 billion rupees (\$1.1 billion), the Economic Times said on Friday. The two companies are working on the terms of a share issue by JSW to its founders, Sajjan Jindal and his family, and JFE, the report said, citing a person familiar with the development.

Japan Kan: no immediate requests for China on yuan

Japanese Finance Minister Naoto Kan said on Friday that Japan has no immediate requests regarding China's currency policy as there aren't large trade imbalances between the two countries. Kan, speaking at a news conference, also said it would be difficult for companies to pass rising commodity prices onto consumers due to the large output gap.

Socio-Cultural Façade;

South Korean dramas finally go primetime in Japan

South Korean TV dramas have dazzled Japanese fans ever since love story "Winter Sonata" ushered in Korean pop culture almost a decade ago, and now these shows have become primetime viewing. The hit spy thriller "Iris" debuts on network TBS (9401.T) next Wednesday, the first South Korean series to air on a major Japanese commercial broadcaster during the key viewing block and underlining Korean dramas' breakthrough into mainstream Japan. "Iris is so different from the Korean Wave dramas up until now," said TBS producer Yuko Yoshino, pointing to its overseas filming locations, star-studded cast and complex political storyline. "Iris" revolves around two operatives, played by Lee and Jung Joon-ho, and their sultry colleague, Kim Tae-hee, in the ultra-secret spy organisation NSS, caught up in North/South political intrigue from Hungary to Japan in a shadowy world of assassins and arms dealers. As part of this push, TBS will air "Iris" dubbed in Japanese for its primetime run, which Yoshino said many viewers prefer to subtitles, using voiceovers from the likes of actor Tatsuya Fujiwara and actress Meisa Kuroki.

GSK's Japan unit to disclose payments to doctors-Nikkei

The Japan-based unit of British drugmaker GlaxoSmithKline Plc (GSK.L) has decided to disclose the payments it makes to doctors and research institutions starting this fiscal year, the Nikkei business daily said. This move, the first in Japan, comes amid a growing global trend among drugmakers to divulge this information, the paper said. GlaxoSmithKline KK plans to begin by posting only the total amount and number of payments on its website, and gradually identify recipients with their permission, the paper said. The disclosures will be announced by June.

Japanese cameraman among 21 killed in Bangkok protests

The death toll from Saturday's political violence in Bangkok, Thailand's worst in 18 years, rose to 21 on Sunday as the government vowed to continue its efforts to take back the streets from protesters but set no timeline for doing so. Besides antigovernment protesters, the fatalities included at least four soldiers and one foreigner, a 43-year-old Japanese television cameraman for Reuters news agency who was shot in the chest. Thailand Foreign Minister Kasit Piromya, in a message sent to his Japanese counterpart Katsuya Okada, expressed condolences to Muramoto's bereaved family. The police will carry out the investigation in cooperation with Thai police and coordinate with the Japanese Embassy in Bangkok and other parties to find out how Muramoto died, they said.

Test data for blood product systematically fabricated

A subsidiary of Mitsubishi Tanabe Pharma Corp. systematically falsified test data on allergic reactions during the development of one of its blood products, sources familiar with the matter said Saturday. The product involved is the transgenic human serum albumin "Medway Injection 5 percent," which was developed jointly by Mitsubishi Tanabe Pharma and its subsidiary Bipha Corp. Employees at Bipha's quality control department fabricated the test data, according to the sources. The falsification came to light last year after a Bipha employee revealed inside the company that data on another test conducted for the product in late 2008 had been fabricated.

Journalist's body arrives from Thailand

The body of a TV cameraman killed in violent clashes between security forces and protesters in Bangkok arrived in Japan on Tuesday, while Japanese police decided to start a criminal investigation into the case. His casket arrived at Narita International Airport, where airport workers and others offered silent prayers.

Fourth female justice takes up post

Former Keio University professor Kiyoko Okabe has assumed the post of Supreme Court justice, becoming the fourth woman on the top bench. There are now two female justices among the total of 15.

Automatic cell culture device to aid medicine

Kawasaki Heavy Industries Ltd. and the National Institute of Advanced Industrial Science and Technology have developed a device that can culture the cells of several people simultaneously and effectively for regenerative medicine, KHI officials said. The device is expected to be used in the future to culture induced pluripotent stem cells, which can develop into any type of body tissue. The price for the device is expected to top ¥100 million.

Guide drafted for teaching Japanese to foreign residents

A government subcommittee has drafted guidelines for the first time on teaching Japanese to foreign residents to make their daily life easier, officials said Thursday. The draft guidelines compiled by the Cultural Affairs Council subcommittee lists examples of words and phrases

that foreigners should be encouraged to learn for smooth communication in 10 main categories, including health care, travel and shopping. The number of registered foreign residents in Japan stood at around 2.22 million at the end of 2008, according to the Cultural Affairs Agency and the Justice Ministry.

Population shrank by record 183,000 in '09

Japan's population has entered full-scale decline and shrank by a record 183,000 people over the past year, government data showed Friday. As of Oct. 1, the population stood at an estimated 127,510,000 after shrinking by a record 0.14 percent, contracting for the second year in a row. The year-on-year drop is the third to strike Japan since 1950, when comparable data first became available, the Internal Affairs and Communications Ministry said in the report. The other two shrinkages occurred in 2005, when it fell by 19,000, or 0.01 percent, and in 2008, when it contracted by 79,000, or 0.06 percent. The ministry said its estimate was based on the results of the 2005 national census, annual data on births and deaths, and immigration data on entries and departures. The female population stood at 65,380,000, down 61,000, or 0.09 percent, as deaths outnumbered births by 5,000, marking the first natural decline. The male population stood at 62,130,000, down 121,000, or 0.20 percent, for the fifth consecutive annual decline as deaths exceeded births by 54,000. The officials attributed the decline in the foreign population to the recession triggered by the collapse of trading house Lehman Brothers in the fall of 2008. Many foreigners lost their jobs and returned to their home countries as the financial crisis unfolded, the officials said. In contrast, those aged 14 or younger fell by 165,000 to 17,011,000. The productive segment of the population, or those between the ages of 15 and 64, came to an estimated total of 81,493,000, shrinking by 806,000.

Japanese scientists measure growth in galaxy cluster

A team of Japanese scientists claims to have measured growth in a galaxy cluster, the universe's largest structure bound by gravity, Taiwan's government-run Academia Sinica said in a news release. Galaxy clusters can consist of thousands of galaxies, but they also have radioactive gases and dark matter, an unidentifiable theoretical entity that produces gravitational effects. The researchers' findings were published in the *Astrophysical Journal*.

South Korea

Politico-Strategic Front;

Detailed News:

Owner of Tanker Begins Negotiations with Pirates

A South Korean warship, which was chasing an oil tanker hijacked by Somali pirates, has been out of Somali waters since the ship's owner began negotiations with its captors, a foreign ministry official said Saturday.

The captain of the Samho Dream said the pirates are "heavily armed" and warned that they should not be provoked since the tanker is carrying a large amount of crude oil, according to the official.

Naval forces aboard the 4,500-ton KDX-II destroyer had considered conducting rescue operations, but pirates warned that the safety of the kidnapped sailors would be in jeopardy if the destroyer sailed any closer, he added on condition of anonymity.

The owner of the South Korean-operated, Marshall Island-flagged, Samho Dream has been in contact with pirates via a British negotiator, he said.

The 300,000-ton supertanker with five South Koreans and 19 Filipinos on board was seized on April 4 in the Indian Ocean, while travelling from Iraq to the United States.

"The government concluded that the destroyer's task has been completed," the official said. "It will return to its area of operations."

The anti-piracy Cheonghae unit operates in the Gulf of Aden to escort South Korean cargo vessels. If required, the ship with 300 forces on board is authorized to monitor, inspect, stop and seize pirates' vessels as part of the Combined Task Force 151, under the command of the Combined Forces Maritime Component Command based in Bahrain.

(Reuters) Obama expects North Korea to return to talks

WASHINGTON, April 13 (Reuters) - President Barack Obama said on Tuesday he believed that sanctions against North Korea would eventually work and that Pyongyang would return to the six-party talks over its nuclear program.

"I think it's fair to say that North Korea has chosen a path of severe isolation that has been extraordinarily damaging to its people," Obama told a news conference at the end of a summit on nuclear security.

He said that as pressure builds, Pyongyang will want to break out of its isolation and "we'll see a return to the six-party talks and ... we will see a change in behavior."

(The Korea Times) Korea to Work With UN on Non-Proliferation

President Lee Myung-bak and U.N. Secretary General Ban Ki-moon agreed in Washington D.C. Monday to work closely together to promote the peaceful use of nuclear energy and address challenging global issues, such as climate change and poverty.

They met on the sidelines of the two-day Nuclear Security Summit.

Ban offered his condolences to South Korea over the sinking of the Navy's frigate Cheonan near the sea border with North Korea on March 26. Lee called for cooperation from the United Nations to find the exact cause of the naval disaster, Cheong Wa Dae said.

The former South Korean foreign minister also expressed his gratitude for Seoul's support for quake-struck Haiti.

In response, Lee praised Ban's leadership and pledged to continue to cooperate in the U.N.'s initiatives in fighting nuclear proliferation, global warming and implementing its ambitious Millennium Development Goals, which call for reducing extreme poverty, according to the presidential office.

Lee also met with U.S. Vice President Joe Biden and Sheikh Mohamed bin Zayed Al Nahyan, crown prince of the United Arab Emirates (UAE), later the same day.

Lee and the crown prince agreed to foster a closer partnership in developing nuclear technology for peaceful purposes.

Expressing satisfaction over the progress of a joint project to build nuclear reactors in the Middle Eastern country, they shared hope that the two nations will strengthen their ties further for the development of clean energy sources and information technology.

Late last year, South Korea won a \$20 billion project to construct four nuclear reactors in the UAE.

Meanwhile, U.S. Vice President Joe Biden affirmed that his administration is determined to get a free trade agreement (FTA) with South Korea ratified by Congress at an early date.

President Lee asked for the "leadership by President Barack Obama and the vice president to get the FTA passed by Congress," as the U.S. administration has removed a major domestic obstacle by concluding the health care reform bill.

Biden reiterated the U.S. has a "strong will to make progress on the FTA with South Korea," a presidential spokesman said.

The vice president explained Washington's position on the FTA issue in a candid manner and elaborated on the internal politics involved, according to the aide.

The KORUS FTA was signed in 2007. The legislative process has been stalled, however, as the Obama administration prioritized the health care bill which passed Congress just last month.

South Korea to host nuclear summit in 2012: Obama

WASHINGTON (Reuters) - President Barack Obama on Tuesday announced that South Korea would host the next nuclear security summit in 2012, sending a clear signal to North Korea, whose development of a nuclear bomb has raised serious security concerns in the region.

Obama was speaking to leaders assembled in Washington for a nuclear security summit.

(The Korea Times) 'North Korea May Risk Gaeseong Project'

Minister of Unification Hyun In-taek predicted Tuesday that in the worst-case scenario, North Korea may go ahead with the closing of the Gaeseong industrial complex if confrontation over the joint tourism project shows no sign of abating.

Previously, the North separated the Gaeseong complex from inter-Korean relations.

During a National Assembly session, Hyun expressed worries that the communist state, which is notorious for brinkmanship diplomacy, could keep playing hardball until the 1.3-trillion-won investment project finally falls flat.

Legislators rebuked Minister Hyun for the slow response to North Korea's plan to freeze South Korea's property assets at the Mt. Geumgang resort.

Rep. Chung Ok-nim of the governing Grand National Party (GNP) alleged that the North stepped up pressure on the South step by step with multiple cards but that Seoul had few options available to retaliate.

“I wonder if the South, by repeating the principled approach alone, will actually help end the standoff. I believe standing firm on principles will not be effective enough unless the approach entails bold actions,” Chung said.

Hyun responded that his ministry was looking into several tactics to cope with the rising tension but that he could not go over the details at the moment.

“There has been no change in our stance that the safety of tourists is not an issue with which concessions can be made,” he said.

His repeating the principled approach without a concrete action plan drew criticism from lawmakers.

Rep. Lee Hoi-chang, leader of the Liberty Forward Party, warned that South Korean investors will be hit hard by the North's freeze of South Korean assets at the resort and the possible seizure of the properties.

“Having said that, I wonder if there are any effective measures that the government can take to protect the private entities from business losses,” Lee asked.

The minister claimed that there are some measures the ministry could take but declined to elaborate what those options would be.

The North Korean authorities froze five assets near the resort area which belong to the South Korean government and the Korea Tourism Organization.

The North went ahead with the action after South Korea had not responded to its demand - to resume the Mt. Geumgang tours, which have been suspended since July 2008 after a South Korean tourist was shot dead there.

Showing few signs of backing down from its stance, the ministry reiterated that it will allow its citizens to travel to the resort area only when the North makes it official that South Korean tourists will be safe during their time there.

North Korea insisted its leader Kim Jong-il already stated that South Korean visitors will be safe during the tour and that the verbal commitment was enough.

(Washington Times) Activists issue anti-Pyongyang's leaflets

SEOUL | South Korea said Monday it could not stop activists launching anti-Pyongyang leaflets across the tightly guarded frontier despite North Korea's threat to restrict border crossings in retaliation.

The North's military warned Saturday that it would take "decisive measures" soon unless the South curbed what it called a "despicable psychological smear campaign."

As a first step, it threatened to scrap military agreements guaranteeing the safety of South Koreans crossing the border — a move that would effectively halt passage to and from a joint industrial estate at Kaesong in the North.

The warning further chilled relations after the North announced last week it was scrapping an agreement on a tour program to its Mount Kumgang resort.

Tensions with Seoul were already high after the unexplained sinking of a South Korean warship near the disputed border on March 26, although the South has not so far accused the North of involvement.

Activists use giant balloons to carry tens of thousands of leaflets — and sometimes DVDs as well — into the communist state. These criticize the alleged lavish lifestyle and womanizing of leader Kim Jong-Il, as well as his reported ill health.

(New York Times) South Korea Says Ship Sank After ‘External Explosion’

SEOUL, South Korea — Officials investigating the mysterious sinking of a South Korean warship in waters disputed by North Korea believe that the ship was hit and torn apart by an “external explosion,” the government announced Friday.

Its first official statement on the cause of the sinking came amid rising official and private speculation over a possible North Korean involvement.

“It was highly likely that it was an external, rather than internal, explosion,” Yoon Duk-yong, head of the government team of military and private investigators, said at a nationally televised news conference.

The news conference came a day after the stern of the ship was lifted out of the water, allowing investigators to look more closely at the damage. Officials also found 36 dead sailors inside, bringing the death toll to 38. Eight sailors remain missing, while 58 were rescued the night the ship sank.

It will take more investigation to determine what and who may have caused the external impact, said Lieutenant General Park Jong-yi. But South Korea’s defense minister, Kim Tae-young, had earlier said that it was investigating the possibility that the 1,200-ton ship, the Cheonan, was hit by a North Korean torpedo or naval mine.

Mr. Yoon said his team found an internal explosion unlikely after studying the salvaged ship. The ship's munition, fuel tank and gas turbine were intact. The investigators also all but ruled out the possibility of the ship hitting an underwater rock.

South Korea is working together with United States, Australian and Swedish experts.

The result of the investigations, especially if North Korea were found guilty, could have tremendous implications not only for inter-Korean relations but also for international efforts to coax North Korea back to nuclear disarmament talks.

(The Korea Times) Korea-Kazakhstan Summit Due April 22 in Seoul

Kazakhstan's President Nursultan Nazarbayev will visit South Korea from April 21 to 23 for a summit with President Lee Myung-bak on April 22, Cheong Wa Dae announced Thursday.

The summit will focus on consolidating a strategic partnership between Seoul and Astana with joint projects to develop oil and natural gas and industrial infrastructure in the Central Asian country expected to be high on the agenda.

The leaders will also discuss ways to strengthen collaboration on regional security issues, the presidential office said.

Both sides agreed last year to develop their relations to strategic partnership and adopted a joint action plan to boost ties in various social and economic fields when President Lee visited Kazakhstan as part of his Central Asian tour.

Under the agreement, Korean firms secured the right to explore the Jambil maritime oil block in the Caspian Sea. Korea also agreed to provide funds and necessary technology to build a power plant near Balkhash Lake, a \$2.5-billion project.

Seoul is also helping build a new shipyard in Kuryk and providing assistance for the country's IT and railroad industries.

During the summit in Seoul, Lee and Nazarbayev will evaluate the progress of the ongoing bilateral projects and seek ways to further strengthen ties, the office said.

During his stay in Korea, the Kazakh leader will attend a ceremony to mark Korea's designation of the Year of Kazakhstan in 2010. He also plans to meet with National Assembly Speaker Kim Hyong-o, Prime Minister Chung Un-chan and business leaders here.

It will be Nazarbayev's fourth visit to Seoul as head of state.

South Korea raises war ship, seeks clues on blast

SEOUL, April 15 (Reuters) - South Korea on Thursday lifted the stern of a naval ship that sank after an unexplained explosion near a contested sea border with North Korea to see if Pyongyang may have had a hand in the incident that killed dozens.

South Korea's defence minister said this month the 1,200-tonne Cheonan may have been hit by a torpedo, immediately putting suspicion on North Korea and stoking concerns that the incident could start a conflict on the long divided peninsula..

Twenty-two bodies of the 46 sailors who went missing have so far been recovered from the ship's stern, the defence ministry said. The bodies of two other sailors were found before the salvage operation, and 58 were rescued alive.

Government officials said Seoul was looking at all possibilities for the sinking and expected the raised stern to provide clues on what caused the explosion.

The salvage operation comes as tensions on the troubled peninsula have increased with the North freezing assets of a South Korean firm at a joint tourism project north of the border once hailed as a symbol of cooperation.

The stern was raised above the water line in the morning and drained before being placed on a barge.

Seoul has few appealing options if the North was behind the sinking, but would not likely take an aggressive stance because it could escalate into a major conflict that would harm the South's interests, analysts said.

"I do not think the South Korean government will go to war over this ... it will probably try to handle it more diplomatically," said Kim June-kie, a market analyst at SK Securities in Seoul.

Shares on Wall Street fell when reports came out shortly after the Cheonan's sinking on March 26 that said the South was looking into the possibility of a North Korean torpedo attack.

The ship sinking could also complicate the resumption of stalled international talks on ending North Korea's atomic arms programme in return for aid to prop up its broken economy, experts said.

North Korean leader Kim Jong-il was expected to visit his neighbour and biggest benefactor China in the coming weeks for a trip supposed to help prod Pyongyang back to the dormant talks among the two Koreas, China, Japan, Russia and the United States.

Standard & Poor's has no plan to raise South Korea's sovereign credit rating as long as the risks around the North Korean leadership persist, an official at the ratings agency told Reuters.

Kim faced a rare crisis to his iron grip on power late last year when a botched currency reform sparked almost unheard of civil unrest, angering an impoverished public by raising prices and making it even more difficult to obtain already scarce food.

North Korea suspected in blast that sank warship

SEOUL (Reuters) - The likelihood North Korea sank a South Korean naval ship near their disputed border rose when Seoul said on Friday an external explosion probably caused the ship to split in two, killing dozens.

South Korea's defense minister said this month the 1,200-tonne Cheonan may have been hit by a torpedo, immediately putting suspicion on North Korea and stoking concerns that the incident could start a conflict on the long divided peninsula.

"Conclusively, after a visual inspection, there is a higher chance of an outer explosion than an internal one," Yoon Duk-yong, a top investigation official, told a news conference.

Local media is increasingly pinning the blame on North Korea, in the absence of any other likely reasons for the explosion which sank the corvette late last month, thought to have killed 46 sailors.

Yoon said the twisting of metal from the salvaged stern that was raised on Thursday indicated the blast had come from outside but the team will wait until the rest of the ship was raised and other evidence gathered before reaching a final conclusion.

"The Cheonan was also halved in the middle. Therefore, it is highly likely that a torpedo fired from a submarine or mine

destroyed the ship," military expert and former submarine captain Jung Sung wrote in the JoongAng Ilbo daily.

The threat of triggering a major conflict, and so hurting its own rapid economic recovery, means South Korea is unlikely to take military action against the North if it does turn out to have deliberately sunk the ship, analysts said.

Relations between the two have already turned frosty since President Lee Myung-bak came to power in Seoul over two years ago, angering Pyongyang by ending the financial largesse that had for years been a lifeline for the broken North Korean economy.

In a fit of pique, the North this week froze assets of a South Korean firm at a joint tourism project north of the border once hailed as a symbol of cooperation.

The North has made no public mention of the ship sinking. Uncertainty over North Korea's behavior and the health of its iron leader have become a major risk for the South.

Ratings agency Standard & Poor's said on Thursday it did not plan to raise the South's sovereign rating -- which would normally make it cheaper for South Korean borrowers overseas -- while risks involving Pyongyang's leadership persist.

Thirty-six of the 46 sailors who went missing were recovered from the ship's stern, the defense ministry said. The bodies of two other sailors were found before the salvage operation, and 58 were rescued alive.

South Korea expects to raise the front part of the ship in the next few days as it searches for clues to one of its deadliest naval disasters since the 1950-53 Korean war ended in a cease fire.

The sinking could also complicate the resumption of stalled international talks on ending North Korea's atomic arms program in return for aid to prop up its broken economy, experts said.

(Washington Post) N Korea accuses south of framing it in ship sinking

SEOUL, South Korea -- North Korea accused South Korea on Saturday of spreading false rumors that the communist North was to blame for the mysterious explosion that sank a southern warship near the tense sea border.

North Korean officials have denied involvement in the blast that broke the 1,200-ton Cheonan into two pieces March 26 during a routine patrol near sea border, killing at least 38.

South Korean officials have not openly blamed the North for one of its worst naval disasters, but an investigator said Friday the explosion was most likely external. Officials have not ruled out a North Korean floating mine or torpedo in the disputed border waters where three past inter-Korean naval battles have been fought.

The North's official Korean Central News Agency on Saturday carried a commentary by an unidentified North Korean military commentator saying Seoul is spreading rumors.

"The military warmongers are getting more undisguised in their moves to link the accident with the North, though it was caused by their fault," said the commentator.

The commentator accused the South of seeking to blame North Korea in order to strengthen the ruling party's position in upcoming local elections and shore up international sanctions against the North.

The U.N. Security Council slapped on tough new sanctions on North Korea following its second nuclear test last year.

The divided peninsula remains technically at war, since the 1950-53 Korean War ended in a cease-fire, not a peace treaty.

The state media commentary marked the first official North Korean response to the sinking. Previously, North Korean officials had been reported by South Korean media as privately assuring Chinese officials the North's military had no part in the disaster.

North Korea's accusation came a day after chief South Korean investigator Yoon Duk-yong told reporters after examining the ship that there was a "high possibility of an external explosion" that sunk the ship.

Fifty-eight of the ship's crew were rescued while the ship was sinking and 38 bodies have been found, most of them Thursday when the stern was raised from the water. Eight crew members are still unaccounted for.

North Korea denies it sank South's navy ship

SEOUL, April 17 (Reuters) - North Korea on Saturday denied that it had sunk a South Korean naval vessel near their disputed sea border late last month.

There has been growing speculation in the South that the ship had been hit by a North Korean torpedo, killing nearly 50 sailors.

"As South Korea can't identify the cause of the accident, they are using the media to attribute it to us ... and trying to fabricate the cause of the accident," the North's official KCNA news agency said.

(The Korea Times) Search for 8 Missing Sailors Suspended

The search for the eight sailors who remain missing more than three weeks after the sinking of the Navy frigate Cheonan was halted Friday following tearful requests from their families.

"The families of the missing sailors asked the authorities to stop search operations in the salvaged stern of the ship," a defense ministry official said. "They requested the authorities to concentrate on the search and salvage of the remaining part of the ship." The stern of the frigate was raised Thursday and placed on a barge, but eight crewmembers were still unaccounted for after the bodies of 36 seamen were recovered. Following the families' request, the stern of the 1,200-ton ship will be moved to the 2nd Fleet's naval base in Pyeongtaek by tomorrow. The stoppage came just hours after a Navy rescue team resumed searching the stern of the frigate.

The odds of their survival are very low, experts said, adding that it was highly likely their bodies had been carried away by the tides or torn apart by the explosion.

Others said it was possible they may be found in the bow of the ship, which will be raised to the surface next week.

"We have conducted an extensive search on the seabed using submersibles and high-end equipment on the presumption that some were propelled out of the hull by the explosion," said Rear Adm. Lee Ki-shik of the Joint Chiefs of Staff in a media briefing Friday.

Testimony from the survivors that most of the eight missing were near the presumed point of the explosion backs that scenario. "The explosion took place during a break ahead of a roll call. So it's difficult to determine where they were exactly at the time of the blast," a defense ministry official said.

He added that the fate of the missing sailors may be solved after the bow is salvaged. They are Master Chief Petty Officer Lee Chang-ki; Senior Chief Petty Officer Choi Han-kwon; Chief Petty Officer Park Kyung-soo; Petty Officer 1st Class Jang Jin-sun, Park Sung-kyun and Park Bo-ram; Seaman Kang Tae-min; Seaman Apprentice Jung Tae-joon.

Economic Front:

Detailed News:

No South Korea rating rise due to North risk: S&P

SEOUL (Reuters) - Standard & Poor's has no plan to raise South Korea's sovereign credit rating as long as the risks involving the North Korean leadership persist, an official at the ratings agency told Reuters on Thursday.

"We also see the situation in North Korea seems to be deteriorating. We now know that (North Korean leader) Kim Jong-il is sick and has yet to appoint a formal successor," Kim Eng Tan, credit analyst at Standard & Poor's Ratings, said in a telephone interview from Singapore.

"On the whole, I think all the developments are all balanced. We are not seeing a change in the ratings right now," he added, referring to faster-than-expected economic growth and the stabilizing banking sector as positive developments.

The comments came a day after another major ratings agency, Moody's, raised its sovereign credit rating on South Korea by one notch to A1 from A2 on Wednesday in a move that many analysts said came much earlier than expected.

The latest rating from Moody's is regarded as one notch above the A rating that Standard & Poor's has had on South Korea since 2005. The outlook is set as stable.

Moody's cited "exceptional" economic resilience of South Korea in overcoming the global financial and economic crisis as a factor behind its upgrade in ratings, but Tan played down the strong economic growth as being common in the region.

DEVELOPMENTS BALANCED

"Korea's fundamentals in terms of economic, financial and fiscal indicators are a little above average in the A category on the whole. But we balance that with much heavier contingency liabilities coming from the banks and North Korea," he said.

The two Koreas are technically at war after their 1950-1953 war ended in an armed truce and long-term investors are concerned any type of integration between the rich South and the poor North would incur big costs to the integrated Korea.

There are also lingering concerns among foreign investors about the heavier reliance on wholesale funding by South Korean commercial banks, including short-term borrowing from abroad, in comparison to their regional peers.

"The risk has diminished over the last few years because they have reduced a lot of that short-term borrowing. So it's a lower risk than before, but this reliance on wholesale funding is still above most other Asian countries," he said.

Tan added that increased debt at public enterprises, amounting to one quarter of the country's annual gross domestic product of some 1,000 trillion won (\$900 billion), was also a source of concern among international investors.

He said Standard & Poor's forecast South Korea's economy, the fourth-largest in Asia, would grow between 5 percent and 5.5 percent this year after a 0.2 percent gain. The central bank expects a 5.2 percent rise.

S. Korea Hyundai revises bond price guidance -sources

HONG KONG, April 12 (Reuters) - South Korean carmaker Hyundai Motor Co. (005380.KS) plans to sell a five-year dollar bond at a lower than previously indicated spread range, two sources close to the deal said on Monday.

It will price the bonds at a spread of 205 basis points over U.S. Treasuries with a range of +/- 7.5 bps, compared with an earlier indicated price of around 210 basis points above.

The deal is likely to price later on Monday.

The borrower has mandated Barclays Capital (BARC.L), BofA Merrill Lynch (BAC.N), Citigroup (C.N), Goldman Sachs (GS.N) and Nomura (8604.T) to handle the sale of the benchmark-sized offering.

"The proceeds will be mostly used to refinance existing debt at Hyundai Motor Manufacturing Czech s.r.o.," said a statement from Standard & Poor's, which has rated the bonds BBB-minus.

LG to invest \$18 billion in eco business, cutting emissions

SEOUL (Reuters) - South Korea's LG Group will invest 20 trillion won (\$17.90 billion) through 2020 to develop environmentally-friendly businesses and reduce emissions by 40 percent against 2009 levels, unit LG Corp said on Monday.

The group is South Korea's fifth-largest by assets and led by LG Electronics, LG Display and LG Chem. It will split the investment between green research and development and facilities to cut 50 million metric tones of greenhouse gas emissions per year by 2020, a statement from LG Corp said.

The investment aims to expand its production of energy-efficient products and renewable energy businesses such as fuel cells and rechargeable batteries for electric vehicles, bringing revenue from such sectors to 10 percent of the group's total revenue in 2020, the statement said.

South Korea, 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.

The government said last July said it would invest 107 trillion won, or 2 percent of its annual GDP, in environment-related industries over the next five years.

Samsung Electronics has also said it would invest 5.4 trillion won in green research and development and facilities to make the world's largest memory chip maker a leading eco-friendly company by 2013.

Firms poised for Saudi refinery deals await Conoco-sources

KHOBAR, Saudi Arabia, April 13 (Reuters) - South Korean, Spanish and Indian contracting firms were poised to win contracts from Saudi Aramco and ConocoPhillips (COP.N) to build a new Saudi oil refinery, industry and trade sources said on Tuesday.

The deals were pending Conoco's final investment decision on the joint venture refinery at Yanbu on the kingdom's Red Sea coast, sources said.

After considering bids for the projects, Aramco and Conoco have pencilled in South Korea's SK Engineering [SKEC.UL] to build a crude unit, Daelim Industrial (000210.KS) for a gasoline unit, and GS Engineering (006360.KS) to build a hydrocracker, industry sources said.

Spain's Tecnicas Reunidas (TRE.MC) would build a coking unit and India's Punj Lloyd (PUJL.BO) oil storage units, they said.

Spokespeople for all five firms, Aramco and Conoco declined to comment on the contracts. Tecnicas Reunidas said only that it had bid for two packages at the refinery.

"The list is pretty final," said one contractor. "But nothing has been awarded yet." (Reporting by Reem Shamseddine in Khobar, additional reporting by Luke Pachymuthu in Dubai, Meeyoung Cho in Seoul, Carlos Ruano in Madrid, Prashant Mehra in Mumbai and Anna Driver in Houston; Writing by Simon Webb; Editing by Sue Thomas)

IFC, sovereign wealth funds partner in \$800 mln fund

WASHINGTON, April 12 (Reuters) - The International Finance Corp said on Monday it would partner with sovereign wealth funds and pension funds from Azerbaijan, the Netherlands, Saudi Arabia and South Korea in an \$800 million fund that will invest in companies in Africa and elsewhere.

IFC, the World Bank's private-sector lender, said it had invested \$200 million in the fund and additional commitments were from Dutch pension fund manager PGGM, Korea Investment Corp, State Oil Fund of the Azerbaijan Republic and a fund investor from Saudi Arabia.

The fund will be managed by IFC Asset Management Company, a wholly-owned subsidiary of IFC, which will buy equity stakes in companies in Africa, Latin America and the Caribbean.

World Bank President Robert Zoellick in 2008 called on state-owned wealth funds to invest some of their cash in potentially lucrative markets in developing countries to boost economic growth through investment in companies.

"Pension and sovereign funds represent a significant savings pool that is seeking commercial returns and portfolio diversification," Zoellick said in a statement.

"With this fund, we will demonstrate that developing countries have high-quality investment opportunities to attract commercial investors."

Sovereign wealth funds have existed since the 1950s but as large Asian exporting countries and oil producing nations have seen their currency reserves balloon, these funds have mushroomed

in size and number. Today the funds are believed to control assets worth between \$2 trillion to \$3 trillion.

IFC has been successful in mobilizing capital and working with the private sectors in Africa and other regions of the developing world as part of a broader mission to spur economic growth and reduce poverty.

Lars Thunell, IFC chief executive officer and executive vice president, said the fund was part of IFC's strategy to tap the growing investment opportunities in frontier markets.

"With the launch of this fund we are providing equity co-investment opportunities to sovereign and pension fund investors for the first time," Thunell said.

S. Korea expects to add over 300,000 jobs in April

SEOUL, April 14 (Reuters) - South Korea expects to add more than 300,000 jobs year-on-year in April via sustained efforts to improve the job market, the government said on Wednesday.

The country added 267,000 jobs in March from a year earlier, the biggest gain since December 2007, Statistics Korea data showed earlier.

South Korea Credit Ratings Upgraded by Moody's to A1

April 14 (Bloomberg) -- South Korea's credit ratings were raised to A1 from A2 at Moody's Investors Service as the central bank increased its 2010 economic growth forecast and unemployment fell the most in a decade.

"The change has been prompted by Korea's demonstration of an exceptional level of economic resilience to the global crisis, while containing the government's budget deficit," Tom Byrne, a senior vice-president at Moody's, said in a statement.

South Korea's currency, the region's second-best performer in the past 12 months, strengthened and stocks extended gains after Moody's move, which places the country on a par with China and Slovakia. The Bank of Korea said today it will maintain an accommodative monetary policy for the time being after forecasting that the economy will expand this year at the fastest pace since 2006.

Moody's move "is positive news for the overall economy as a higher rating will help reduce funding costs from overseas and increase foreign investment," said Lee Sang Jae, an economist at Hyundai Securities Co. in Seoul. "This confirms the view that the South Korean economy is recovering from the global crisis and is likely to lead to a virtuous cycle."

Stocks, Currency

The benchmark Kospi index extended gains after Moody's announcement and climbed 1.5 percent to close at the highest level in 22 months. The currency advanced to a 19-month high against the dollar, and the yield on 5-year government bonds rose two basis points to 4.54 percent.

The won is the second best performer among the 10 most traded currencies in Asia excluding Japan, strengthening 19 percent in the past 12 months.

The upgrade is a "landmark event," Vice Finance Minister Hur Kyung Wook told reporters in Gwacheon. "It's very significant that South Korea was upgraded while many other countries are getting their ratings cut or are in danger of downgrades."

Moody's joins Fitch Ratings in awarding South Korea its fifth-highest credit ranking. Standard & Poor's rating for the nation is its sixth highest.

"South Korea's sovereign credit rating has stabilized from the unexpected shock caused by the global financial crisis," said Takahira Ogawa, director of sovereign ratings at Standard & Poor's in Singapore. "The fiscal position of the Korean government has always been better than its peer." Ogawa declined to comment on Moody's decision to raise South Korea's credit rating.

Exports, Output

South Korea's exports rose 35.1 percent in March and industrial production climbed 3.6 percent in February, more than twice economists' forecasts.

Samsung Electronics Co., Asia's biggest maker of semiconductors, flat screens and mobile phones, said April 6 that first-quarter profit increased sevenfold after demand for personal computers and televisions drove up prices.

Hyundai Motor Co. and Kia Motors Corp., South Korea's largest automakers, led a ninth straight gain in monthly car sales in March after new models spurred demand at home and overseas.

The Bank of Korea kept the benchmark interest rate at a record-low 2 percent on April 9 and forecasts the economy will expand by 5.2 percent this year, after likely growing 1.6 percent in the first quarter.

'Possible Imbalance'

“The bank is mindful of a possible imbalance in the economy that may result from a prolonged implementation of the accommodative policy,” it said in a report to lawmakers today. Going forward, the bank will adjust “the degree of accommodative policy at an appropriate pace and depth,” taking into consideration the domestic and international financial and economic environment, it said.

The nation’s jobless rate fell to 3.8 percent from 4.4 percent in February, after hitting a 10-year high of 4.8 percent in January, according to a report today.

President Lee Myung Bak has made job creation a priority this year. The government spent 84.1 trillion won (\$75.5 billion) on infrastructure and social welfare projects in the first three months, exceeding its earmarked quarterly spending, according to Finance Ministry figures. The government aims to spend 60 percent of its 2010 state project funding in the first half of the year.

“The resiliency of Korea’s economy was evident in its ability to withstand relatively well the contractionary forces which emanated from the global recession,” Byrne said.

Iran's Entekhab wins bid for S. Korea Daewoo Elec

SEOUL, April 14 (Reuters) - Iranian appliance maker Entekhab Industrial Group has been named as the buyer for South Korea's Daewoo Electronics in a deal reportedly worth more than \$540 million, beating Swedish giant Electrolux (ELUXb.ST).

Daewoo's leading creditor Woori Bank said in a statement that creditors would sign a preliminary deal with Entekhab, aiming to close the final agreement by the end of July.

Daewoo said the Iranian company already sold Daewoo products in the Middle East.

Electrolux was named reserve bidder in case the deal with Entekhab falls through.

The financial terms of the deal were not disclosed, but local online news service eDaily said Entekhab offered slightly more than 600 billion won (\$540 million).

It is the fourth attempt to sell Daewoo Electronics, once the flagship unit of the failed Daewoo Group and now almost wholly owned by its creditors.

In the previous rounds, creditors held a series of unsuccessful sales talks with Ripplewood Holdings, a private equity unit of Morgan Stanley (MS.N), and a consortium of India's Videocon Industries (VEDI.BO) and RJH International (RHJI.BR).

During the period, Daewoo sold off non-core assets and unprofitable businesses to focus on washing machines and refrigerators.

Export-focused Daewoo competes with bigger local rivals Samsung Electronics (005930.KS), LG Electronics (066570.KS), and low-cost Chinese producers. (\$1=1112.1 Won)

S. Korea Mar exports to U.S. rise most in nearly 6 yrs

SEOUL, April 15 (Reuters) - South Korean exports to the United States in March reported the biggest annual growth in almost six years, revised trade data showed on Thursday, indicating global trade is recovering.

Sales to the United States, South Korea's No.2 overseas market behind China, rose 38.7 percent in value in March over a year earlier, the fastest gain since July 2004, the Korea Customs Service said.

Exports to China in March rose 51.0 percent from a year ago, compared with a 43.1 percent increase in February, it said in a statement. Following is South Korea's revised March export and import data on a customs clearance basis (not seasonally adjusted, still subject to minor revisions):

	revised	*provisional
Exports (\$ billion)	37.45	37.69
(pct growth vs yr earlier)	34.3	35.1
Imports (\$ billion)	35.63	35.49
(pct growth vs yr earlier)	49.0	48.4
Balance (\$ billion)	+1.82	+2.19

*provisional data was released by the Ministry of Knowledge Economy on April 1

S. Korea March LNG, coal imports rise yr/yr

SEOUL, April 15 (Reuters) - South Korea's imports of liquefied natural gas (LNG) surged nearly 30 percent year-on-year in March on higher power demand, customs data showed on Thursday.

South Korea, the world's second-largest LNG buyer after Japan, imported 3.4 million tonnes of LNG in March, up from 2.7 million tonnes a year earlier, according to the Korea Customs Service.

State-owned Korea Gas Corp (KOGAS) (036460.KS), the world's biggest corporate buyer of LNG and South Korea's sole wholesaler, said last Friday it sold 3.3 million tonnes of LNG in March, up 33 percent from a year earlier on healthier demand for power.

Thanks to the higher sales, LNG stocks held by KOGAS at the end of March dropped an estimated 16 percent to 2.0 million tonnes from a year earlier, Reuters calculations based on trade and sales data showed.

Bullish power demand due to a recovering economy and cold weather also helped South Korea's imports of coal in March rise 16 percent to 8.8 million tonnes from a year earlier, customs data showed.

Seoul shares hit 22-mth high on banks, shipyards

SEOUL, April 15 (Reuters) - Seoul shares rose to hit a 22-month intraday high on Thursday with Moody's South Korean sovereign rating upgrade and positive earnings from JPMorgan (JPM.N) boosting financials, while shipyards also climbed.

The Korea Composite Stock Price Index (KOSPI) was up 0.63 percent at 1,746.22 points as of 0126 GMT, after touching 1,747.38 points, the highest intraday-level since June 2008.

"The Moody's upgrade gives foreign investors another very good reason to pick up Seoul stocks. It casts a broader, positive outlook on not only the South Korean economy, but also corporate performance," said Lawrence Kim, a market analyst at Woori Investment & Securities.

"But we're seeing the won KRW= strengthening alarmingly rapidly, and this could weigh on exporters," Kim added.

Foreign investors were buyers of a net 249 billion won (\$224.1 million) worth of stocks, poised to pick up stocks for a second consecutive session.

Financials led the upward momentum, with KB Financial Group (105560.KS) rising 2.51 percent and Hana Financial Group (086790.KS) advancing 4.14 percent.

"Worries about [banks'] asset quality had pressured South Korean banking issues, as investors had been concerned about their exposure to (construction) project financing," said Kim In, an analyst at Eugene Investment & Securities.

"But the Moody's upgrade implies that South Korea's financial health is sound, a good reason to buy banking stocks again," Kim said, adding that expectations of a stronger won KRW= were also fueling appetite for banking issues.

But key tech and auto exporters underperformed on fears the stronger local currency could dent overseas sales.

Hyundai Motor (005380.KS), South Korea's top automaker, lost 1.67 percent and Kia Motors (000270.KS) shed 1.17 percent.

Hynix Semiconductor (000660.KS), the world's No.2 memory chip maker, declined 0.36 percent.

Shipbuilders were boosted by gains in the Baltic Dry Index .BADI, which tracks the cost of shipping key commodities.

Shares in Hyundai Heavy Industries (009540.KS) gained 2.04 percent and STX Offshore & Shipbuilding (067250.KS) rallied 4.65 percent.

Socio-cultural Front:

Detailed News:

Adoption Rare for Multicultural Children

Multicultural children abandoned due to the breakup of their families are becoming a new social issue.

According to the Seoul Child Welfare Center, there are currently 10 multicultural children in their custody. The number had jumped from two in 2008 to seven in 2009.

In addition, some 10 multicultural children have been admitted to temporary child shelters in Uijeongbu and Anyang, Gyeonggi Province.

Most children in these childcare facilities are from immigrant mothers, from countries such as China, Vietnam and the Philippines, married to Korean fathers. Some multicultural families separate due to problems such as domestic violence.

These children of mixed-race face difficulty in finding adoptive homes due to social prejudices.

“Korean orphans themselves, are not easily adopted and it is almost impossible for multicultural children to find new homes,” a center official said. “Recently, a family talked about the possibility of adopting a multicultural child, but it fell through. No multicultural child has been adopted in Korea so far.”

According to Statistics Korea, 11 percent of marriages were interracial in 2008 and there are 128,000 married immigrants in Korea.

“The statistics show the inflow of foreigners is changing the demographics of Korea and we need to prepare for this change,” the official said.

Seoul City is also pushing for measures to protect immigrants who come to Korea to marry and their children.

The city government is building a center in Geumcheon District in southwestern Seoul, to assist married immigrants who suffer from domestic violence. “We organized a task force to research possible measures for supporting multicultural families, especially their disorganisation,” Cho Eun-hee, the assistant mayor of Women and Family Affairs, said.

“We hope to help married immigrants and their children settle in Korea with less difficulty.”

(BBC news) South Korea Starcraft gamers accused of match rigging

Players control armies of different species that do battle in StarCraft

Police in South Korea are investigating allegations of match fixing by professional players of sci-fi-themed strategy game StarCraft.

The game, made by World of Warcraft developer Blizzard, is enormously popular in South Korea.

Leagues of professional players compete in televised tournaments and receive coaching and sponsorship.

However, some players and officials are alleged to have accepted bribes from gambling websites to rig the games.

There has been little coverage of the event in the country's mainstream media but the Korea Times website claims that the Korea e-Sports Association filed charges against individual players and coaches in March 2010.

According to the newspaper StarCraft accounts for 70% of so-called "e-sports" activities in South Korea.

A spokesperson from the Korean Embassy in the UK told the BBC that there had been no official statement from the Ministry of Culture but did confirm that an incident had been reported to the police.

Website Gamepron said the news was being compared with the 1919 Black Sox scandal, in which eight members of the Chicago White Sox baseball team were found to have deliberately lost games.

South Korea to put curfew on online games for kids

SEOUL (Reuters Life!) - South Korea plans to cut off on-line video games at midnight for school-age children and allow parents to set limits on playing hours to curb problems of Internet gaming addiction in the world's most wired country.

The sensational case in March of parents whose infant daughter starved to death while they were playing games on the Internet raised concerns in the country about gaming addiction and calls on the government to act.

Under the plan announced this week by the culture ministry, computer game companies were asked to put in place voluntary restrictions by the end of the year for children that also try to cut down on the hours adults play games.

South Korea, which has one of the world's highest penetration rates for high-speed broadband connections at homes, is also saturated with PC rooms where gamers spend long hours in front of computer monitors.

Internet gaming would be denied from midnight to about 8 a.m. for school-aged children. Several game providers have already set in place the regulations.

To enforce the measures, the government has called on game providers to monitor the national identity numbers of users, which include their ages, while allowing parents to see if their IDs were used by children looking for ways to play after hours.

"The policy provides a way for parents to supervise their children's game playing," said Lee Young-ah, an official at the Ministry of Culture, Sports and Tourism.

The ministry has asked the game companies to find ways to cap the hours that adults play.

"Users can select a special server that gives them incentives for cutting down on their gaming time," said Kim Kun-woo of NC Soft, a leading South Korean game company.

60 Percent of Teens Engage in Unprotected Sex

Only one in three Korean teenagers engaging in sexual intercourse use a contraceptive, leading to a high rate of pregnancy, abortion and venereal diseases, the Korea Centers for Disease Control and Prevention (KCDC) reported Monday.

Some 41 percent of juveniles having sex use some kind of contraceptive and 11.1 percent of them have suffered from STDs, according to the report.

The 2008 survey finds that 9.7 percent of teenage girls with sexual experience had been pregnant, up from 9.3 percent from the previous year. Of the pregnant teens, 88.3 percent opted for an abortion.

Of the 75,238 surveyed adolescents nationwide, 5.1 percent said they had experienced sexual intercourse.

Teenage males had a higher rate of sexual experience at 6.9 percent with the figure for females standing at 3 percent.

The average age that the teens lost their virginity was 14.1 years old; one percent of them answered that they had sex before entering middle school.

Of the 2,658 surveyed teenage boys with sexual experience, 12.1 percent answered they had an STD, while 8.4 percent of the 1,159 surveyed teenage girls replied they had caught one.

“The problem is attributable to our culture which puts a taboo on the discussion of specific or practical measures at home and school,” Lee Won-hee, a director at the Ministry of Health and Welfare, said during a parliamentary forum, citing the report.

According to another survey of 2,145 secondary school students in 2008, 95 percent of them had sex education at school, but less than five percent were involved in any kind of practical discussions.

Some 75 percent answered their teachers covered only the theoretical aspects of the issue, while roughly 68 percent answered their class mainly consisted of watching a sex education video.

“Teenage pregnancy has emerged as a major social issue due to the lack of awareness and proper education about the matter, coupled with the public's tendency to avoid talking about the matter,” Rep. Lee Yoon-sung of the governing Grand National Party said.

Yang finds fairways and takes lead at China Open

SUZHOU, China (Reuters) - Asia's first major winner Yang Yong-eun put his trust in his driver and cut through gusting winds at the China Open on Saturday to move to the top of the third round leaderboard with a bogey-free 68.

The South Korean, one of only three players not to card a bogey in difficult conditions, holds a one-shot lead over Jamie Donaldson of Wales and Finn Mikko Ilonen going into the final round.

Blustery breezes made the links-style holes particularly difficult for the players. Toughest of all was the 492-yard par-4 18th, playing straight into the wind.

Several players strayed into fairway bunkers, while US Ryder captain Corey Pavin took his driver off the fairway but still pulled up short.

Thailand's Thongchai Jaidee probably lost his chance of the title when he needed three shots to move his ball out of the rough on the right.

"It's a very tough hole," said Yang. "I was in the sand on day one but I saved my par. My strategy is to aim left and come in over the left-hand greenside bunker.

"Luckily my driver is working well and I've been able to find the exact spot I'm looking for on the fairway."

Yang seemed untroubled by forecasts of bad weather on Sunday.

"If it rains or is windy you need extra attention and focus," he said. "My approach will be just to concentrate on each shot I make."

The lead changed hands throughout the day, with Yang, Donaldson, Ilonen and overnight leader Kim Do-hoon of South Korea all finding themselves on top.

The low round of the day came from Welshman Rhys Davies, whose bogey-free 65 included eagles on both the par-5s on the back nine and lifted him 53 places up the leaderboard. At eight-under-par he is six shots off the lead.

Countryman Stephen Dodd, who was playing alongside European Ryder captain Colin Montgomerie, was the day's other player to avoid a bogey and climbed the leaderboard with a 66 that left him tied for fifth with Kim on 10-under.

Numbers of Gangsters on Steep Increase

The number of active gangsters in Korea has increased by over 30 percent in the past eight years, but the number arrested has halved, the Supreme Public Prosecutors' Office said Monday.

According to its report, there are 5,450 people involved in various criminal syndicates here as of the end of 2009.

The number has increased from 4,153 in 2001, 5,075 in 2006 and 5,413 in 2008. There are a total of 223 known crime rings, compared with 199 in 2001.

However, the number of those arrested marked 604 in 2009, a fall from 1,348 in 2001, 879 in 2005 and 667 in 2007.

"Nowadays, gangsters have diversified their fields into private loans, construction operations and other areas from the previous, conventional gambling and prostitution businesses.

They have formed a syndicate of their own and have become bigger than ever," the report said. "Adding in the foreign crime rings active in Korea, the number of gangsters is expected to have risen exponentially."

However, due to the ever tightening regulations on human rights, arrests and detentions related to investigations have become more difficult, it said.

"If we do not cope with the growing dark force properly, some day we will have to live with them as some police and investigators in other countries do with the mafia or yakuza," Cho Young-gon, a top prosecutor, was quoted as saying to Yonhap.

'40 Percent of Actors Considered Suicide'

Four out of every 10 actors here have been suffering from depression and have had suicidal urges from time to time, according to a degree paper by actress Park Jin-hee, Tuesday.

About 20 percent have actually purchased toxic agents or "devices" for suicide, she revealed, claiming that the extreme stress to stay attractive and to remain in the limelight drives them to mental instability and leads them to make drastic choices.

For her masters degree paper for Yonsei University, "Studies on Depression and Suicidal Urges Among Actors," Park, who has played leading roles in numerous movies and TV dramas, interviewed 260 actors last year with incomes ranging from 10 million won-per-episode to less than 1 million won a month.

She found that 40 percent were suffering from depression.

Respondents were quoted as saying, "I am sick of being alive. I want to die" and "I want to commit suicide and have often thought about going through with it." About 20 percent of them actually bought pills or other harmful devices to kill themselves and another 20 percent said that they have confessed to others about their urges.

Park said most of these symptoms derive from their "unstable status" in life. They thought their employment status was too rocky and that their talents weren't received well enough by the public and industry insiders.

The gap between the general public's perception that entertainers "live flamboyant and happy lives" and their actual life being "not so glamorous" also caused them mental anguish.

They were often forced to hide their real characters or feelings from others to remain "likable" and some of them thought "having to stay young and blissful" was self-consuming.

Their stress index marked 53.12 out 100, which is higher than that of self-employed men at 48.12 and salaried workers, at 48.18.

Park's report is expected to create a whirlwind in the showbiz world recently reeling from many celebrities committing suicide and the possible copycat syndrome among their fans.

Actresses Lee Eun-joo, Chung-Da-bin, Choi Jin-sil; actor Choi Jin-young and pop singer Yuni are just some of the well-known celebrities who have taken their own lives of late.

After the suicide by the late actress Choi Jin-sil in October 2008, the number of suicides jumped by 60 percent compared to the previous year, according to Statistics Korea.

"The numbers show that people, who seem to be in the middle of amiability, love and glamour, are some of the most lonesome and troubled," Park said in the paper.

Expats Single Out Tuition Costs as Biggest Problem

Foreigners living in Seoul think the largest problem in education here is the high tuition fees, according to a survey by Seoul City, Wednesday.

It surveyed 46,153 citizens who were over 15 years old at 20,000 households and 2,500 international residents in Seoul, in the seventh edition of the survey that began in 2003.

As of 2009, 256,000 international residents were living in Seoul. The number of expatriates has jumped since 2003, but the pace has been slowing since 2008 due to the global economic crisis.

There were more female foreigners (52 percent) than males (48 percent) and those in their 40s took up the largest share at 27 percent followed by 21 percent in their 50s and 30s, respectively.

By nationality, Asians accounted for more than 90 percent, including Chinese who made up three-fourths of the total.

"More than half, at 51 percent, of expatriates considered tuition costs as the biggest problem in educating their children in the capital city," the survey said. "The burden of educational expenses was seen as the heaviest among Chinese, with 65 percent of them responding so."

The Taiwanese feel there are not enough schools and Europeans think it's difficult to communicate with local residents.

"We are building more schools for foreigners, including an English-speaking one in Sangam scheduled to open in August 2011. We will try to provide better education at affordable prices for expatriates," a city official said.

Foreigners were most satisfied with urban safety in Seoul, followed by the residential environment. However, the economic environment and educational facilities were the least gratifying categories.

Seoul's public transportation received a high satisfaction rate both among domestic Seoulites and international residents. The subway, which opened its ninth line last year, received 6.5 points out of 10 among locals and 8.12 among foreigners, and was voted the best means of public transportation.

The Chinese were most satisfied with buses, while those from the United States and the United Kingdom liked the subway and taxi services.

Around 38 percent of Seoulites said they do not mind marrying expatriates.

However, the rate of accepting a multicultural society dropped 1 percentage point compared to last year.

In general, young people are more open to embracing multiculturalism.

The trend has stagnated in the younger generation, but is rising among the middle-aged.

More citizens agreed to the need for policies to get rid of social prejudices against married immigrants and few were worried of being deprived of jobs by people coming from other countries.

"It shows that Seoulites are becoming more open to a multicultural society," the official said.

Yu-na Voted Most Favored Korean Celebrity in Japan

South Korea's figure-staking queen Kim Yu-na was voted the number one Korean celebrity in Japan in terms of their "feeling intimate" while her Japanese archrival Asada Mao topped the

survey among South Koreans for the same category, a joint poll by South Korea's Hankook Ilbo and Japan's Yomiuri newspaper revealed Saturday.

Kim topped the poll as 50 percent of Japanese respondents picked her, followed by Lee Seung-yeop (21 percent), a baseball player, currently playing for the Yomiuri Giants in Japan, tailed by Bae Yong-joon (18 percent), an actor.

In Korea, people voted Asada Mao (43 percent), followed by figure skater Ando Miki (18 percent), who has a tie with Suzuki Ichiro, a major league player.

The Internet-based JPNews, which carried the news, didn't specify how many people in the two countries participated in the poll.

In the poll, respondents were allowed to choose multiple favorites — up to three, and celebrities are from those in entertainment and sports.

Spy drama pulls S. Koreans to Akita

AKITA — South Korean tourists are flocking in large numbers to snow-covered Akita Prefecture thanks to a South Korean TV spy drama featuring the popular Lee Byung Hun.

The Japan office of South Korean travel agency Hanatour said about 1,500 sightseers from South Korea showed up in January and February, about 50 times more than during the same period last year.

The surge forced the agency to route tourist groups through Aomori airport north of Akita because the direct flights between between Akita and South Korea couldn't handle the extra numbers.

Akita Prefecture became a popular destination after the hit TV drama "Iris" was broadcast from last October to December. Its average ratings exceeded 30 percent.

Lee played an intelligence agent fleeing to Akita. The drama was partly filmed in 20 locations in Akita in March 2009, including snow-covered Lake Tazawa in Semboku and the Nyuto hot-springs resort.

Footage from Akita was used in four episodes, lasting a total of 100 minutes. "Iris" hits terrestrial television in Japan this month, and it will also be shown in Taiwan and Hong Kong.

The number of South Korean visitors to the Lake Tazawa ski resort in January rose five-fold from the same month last year.

"We are really feeling the effect of the drama," a local tourism industry official said.

One of the slopes at the resort where Lee and actress Kim Tae Hee skied has been named "Isis gelande." Photographs and some of the clothes Lee wore on location are on display in the ski lodge.

The tourist association in Yokote put up two domed "kamakura" huts made of hardened snow in a park to re-create one of the show's scenes.

Korean Air's Akita office said the number of passengers on its Akita-Seoul route was up for four consecutive months starting in November over the same months last year and seats were fully booked through the end of March.

"This is our first visit to Japan," said Kang Kyung Seo, a 33-year-old company employee who was taking photographs of his family in front of a kamakura hut in Yokote. "We've been to location sites and they exceeded our expectations. The hot spring and Lake Tazawa are especially good."

Local people are working hard to keep the momentum going and make sure it is not a fleeting phenomenon.

The city of Semboku held an introductory course on the Korean language for hotel employees and other people in February.

JAPAN

Politico-Strategic Front:

Detailed News;

Japan-U.S. working-level talks on Futenma delayed: Okada

YOKOSUKA, Kanagawa Pref. (Kyodo) Foreign Minister Katsuya Okada indicated Saturday that the time is not yet right for Japan and the United States to hold working-level talks on the relocation of U.S. Marine Corps Air Station Futenma in Okinawa Prefecture.

"We are at a stage in which U.S. Ambassador to Japan (John) Roos and I are communicating with each other" on the matter, Okada told reporters in Yokosuka, Kanagawa Prefecture. "We will be communicating with each other for a while."

Prime Minister Yukio Hatoyama said separately he will continue to make efforts to resolve the Futenma issue by May as pledged, although he admitted he expects the road ahead to be rocky.

"There is no change regarding the difficulty of the situation from now, but we want to lead this to a final conclusion so that we will be able to gain the understanding of the United States by the end of May," Hatoyama said.

Earlier Saturday, Okada briefed Hatoyama about his meeting with Roos on Friday, when the ambassador said the United States could not enter into the planned bilateral working-level talks at this juncture.

Hatoyama emphasized to reporters in Tokyo in the evening, "It is certainly not the case that (Roos) rejected anything."

Tokyo and Washington were planning to hold bilateral working-level talks after the government finalized its plan on altering an existing bilateral accord on the base's relocation.

But the United States has maintained that it prefers the accord reached in 2006, under which the facility would be moved from a crowded residential area of Ginowan to Nago, also in Okinawa, by constructing an airfield in the coastal area of U.S. Marine Corps Camp Schwab.

The DPJ's new manifesto

The Democratic Party of Japan has started preparing a new election manifesto for the coming Upper House election and is scheduled to adopt it by the end of May. Making promises that aren't financially feasible will only cost the party popular support. Therefore the DPJ should carefully review its 2009 election manifesto and revise it accordingly.

Because DJP Lower House members were busy campaigning, the 2009 manifesto was rather hastily thrown together and contained shortcomings. The DPJ plans to hold town meetings in the nation's 300 Lower House election districts this month. It should carefully listen to people's opinions and give them full weight when it draws up the new manifesto.

The 2009 manifesto said that to implement new promises, including the child allowance, ¥7.1 trillion would be needed in fiscal 2010 and ¥12.6 trillion in fiscal 2011. The DPJ expected that the needed funding would be realized by cutting about 10 percent of the nation's total budget, but its budget-request scrutiny only saved ¥670 billion. If the DPJ adheres to the 2009 manifesto, the child allowance, which is ¥13,000 per month per child in fiscal 2010, will double

in fiscal 2011, requiring ¥5.4 trillion. The DPJ should reduce the planned amount if funding falls short.

It also should rectify shortcomings that accompany some newly introduced policy measures. For example, some households covered by the free high school tuition measure will suffer a loss of income due to the abolition of the deduction for dependents from taxable income. It also should take into consideration the opposition of some people to the toll-free expressway plan.

Given the shortages of funds, a prioritization of promises and a scaling down or dropping of promises seem inevitable. The DPJ should also not reject the option of raising taxes in the future. The best way for the DPJ to gain people's trust is to provide detailed explanations and sincere apologies when it is forced by circumstances to break promises. Most importantly, the DPJ must show the blueprint of a future Japan that can provide the people with a worthy goal and harness their energy and creativity.

Iran bars ex-president Khatami from travel-website

TEHRAN, April 15 (Reuters) - Moderate former Iranian President Mohammad Khatami has been barred from travelling abroad, the pro-reform Parlemannews website reported on Thursday.

"Mohammad Khatami was barred from leaving Iran to attend a conference in Japan," an unnamed source told the website. The source did not give details.

"Khatami was supposed to leave Tehran for Japan on Thursday night ... to take part in a conference on nuclear disarmament in Japan."

There was no immediate comment from Iranian authorities, or from Khatami's allies.

Khatami publicly backed moderate defeated candidate Mirhossein Mousavi during the country's disputed June presidential election, which reformists said was rigged to secure hardline President Mahmoud Ahmadinejad's re-election.

Official results of the vote showing Ahmadinejad won by a landslide, but the country was rocked by street protests by Mousavi supporters. Authorities rejected vote rigging allegations.

Security forces quelled the protests but opposition leader Mousavi and his allies have refused to back down, saying the reform movement will continue.

The aftermath of the vote, which plunged the Islamic state into its worst internal crisis, exposed deepening divisions in its ruling elite.

The authorities blame the opposition leaders for trying to topple the clerical establishment, which is also locked in a standoff with the West over Iran's nuclear work.

Khatami's allies denied a report by the semi-official Fars News Agency in March that said Khatami was barred from leaving Iran.

Under Iran's Islamic Sharia law, a judicial decision is needed to bar Iranian citizens from leaving the country.

The clerical establishment has prevented some reformist politician, rights activists and pro-reform artists from travelling out of Iran since last year's election.

Several Khatami allies were detained after the vote for various charges, including acting against national security. Some of them have been sentenced to jail terms of up to 16 years.

Hardline authorities have repeatedly accused the opposition leaders of links to "foreign enemies", calling on them to repent or "face charges of supporting apostates in defiance of God".

The United States and its European allies have condemned Iran over its handling of post-election protests, supporting Iran's reform movement. Reformists deny the accusation.

Secretive counterfeiting treaty talks open up

A controversial plan to crack down on online piracy and counterfeiting will be opened up to public scrutiny for the first time next week, when the negotiating text of a secret international copyright treaty will be made public, the European Commission said Friday.

Negotiations over the past two years have been conducted in secret. Leaks of the draft text have sparked a public outcry, mainly because of how the text deals with online copyright infringement.

Countries involved in talks on the Anti-counterfeiting Trade Agreement (ACTA) agreed unanimously to make the documents available to the public at a meeting in New Zealand this week, the Commission said in a statement.

However, they don't plan to reveal their individual negotiating positions.

"In agreeing to release publicly this draft text in the particular circumstances of this negotiation, participants reaffirmed the importance of maintaining the confidentiality of their respective positions in trade negotiations," the Commission said.

The Commission has never commented directly about the leaked copies of the ACTA draft text but it has refuted claims that the treaty would force signatory countries to introduce a so-called graduated response rule that would ban copyright offenders from the Internet after a series of warnings.

In leaked texts seen by IDG, the draft treaty doesn't mandate the graduated-response approach but it does suggest that countries adopt such laws.

It also calls for Internet service providers to become liable for the content being distributed on their networks. Under existing E.U. laws, ISPs should not be held responsible for content such as illegally copied music or movies that are commonly distributed via peer-to-peer networks.

The Commission has always denied that the treaty would go this far. In Friday's statement it said ACTA "will not interfere with a signatory's ability to respect its citizens' fundamental rights and liberties."

The participants in the ACTA talks next meet in Switzerland in June. They aim to conclude the talks "as soon as possible in 2010." The Commission said that making the draft text public will help the countries to reach a final conclusion.

Participants include the U.S., E.U., Japan, Canada, Australia and South Korea, New Zealand and Switzerland.

Protest against Sumitomo Bolivia mine worsening

LA PAZ, April 16 (Reuters) - Bolivian peasants on Friday stepped up their protest against the San Cristobal mine owned by Japan's Sumitomo Corp (8053.T), overturning containers full of mineral ore and saying they would keep blocking a key railway line until their demands are met.

Protesters on Monday began the blockade of the rail line, which allows the huge San Cristobal silver-lead-zinc mine to export ore to foreign markets via neighboring Chile.

"Our demands are fair and must be met. The mine is ransacking our natural resources. We want compensation for the damage and ... we want help with our development," protest leader Mario Mamani told local radio network Erbol.

He said protesters had seized control of 80 loaded containers of ore, overturned several of them, and stormed a small San Cristobal office near the border with Chile.

"Every five hours we'll spill the contents of another container," said Mamani.

In a press statement sent on Friday afternoon, San Cristobal, which is fully-owned by Sumitomo, said the protest about 60 miles (100 km) east of the mine is hurting its "economic and productive activities."

The statement said the spilling of ore from containers will mean "big losses" for the company and that protesters are also blocking a road in the area, which is disrupting transportation of supplies to and from the mine.

Protests by Indian groups against mining companies are fairly common in impoverished Bolivia and in neighboring Peru, a leading producer of silver, zinc and copper.

Throughout the Andean region indigenous groups are demanding greater control over natural resources and a bigger share of their countries' mining and energy revenues. Many oppose foreign investment in extractive industries altogether.

DEMANDING COMMUNITY IMPROVEMENTS

According to local media reports, the San Cristobal protesters were also demanding drinking water and electricity for their communities in the Andean highlands.

Sumitomo officials at the company's offices in La Paz and the central Potosi region contacted by Reuters said they were not authorized to give information about what effect the protest was having on the mine's operations.

A San Cristobal official, who asked not to be named, told Reuters on Wednesday that the open-pit mine had been stocking mineral ore in containers since the blockade started on Monday, but did not say whether the mine was still able to export some ore by road or if any stocks were held in Chilean ports.

San Cristobal, in the mineral-rich Potosi region, is one of the largest mines in landlocked Bolivia. It produces some 1,300 tonnes of zinc-silver ore, and 300 tonnes of lead-silver ore per day.

According to Sumitomo's website, the mine is the world's sixth-largest producer of zinc and the third-largest producer of silver. San Cristobal started operations in August 2007 and has a mine life of 16 years.

Bolivia exported nearly \$1.5 billion of minerals in 2009. The Andean country produces mainly zinc, silver, tin and lead. (Additional reporting by Carlos Quiroga; Editing by Marguerita Choy)

Support for Japan govt drops further ahead of poll

TOKYO, April 16 (Reuters) - Support for Japanese Prime Minister Yukio Hatoyama's government has sunk to 23.7 percent, a poll by Jiji news agency showed on Friday, threatening his Democratic Party's chances of winning a midyear election.

Voters have been disillusioned by financial scandals enveloping the party's No.2 executive Ichiro Ozawa and other Democrats, and by Hatoyama's perceived lack of leadership skills. [ID:nTOE62P088]

A poor showing in the election for parliament's upper house, expected in July or August, could result in a policy deadlock as the country struggles to nurture a fragile economic recovery and rein in its massive public debt.

Hatoyama's government boasted support rates of about 70 percent when he took power after a landslide victory in the more powerful lower house of parliament last year.

But recent polls by television networks show support has been languishing just above or below 30 percent.

Hatoyama reiterates Futenma vow while dining with Obama

WASHINGTON (Kyodo) Prime Minister Yukio Hatoyama said he told U.S. President Barack Obama on Monday that the question of where to relocate the Futenma military base will be concluded by the end of May.

Hatoyama, speaking to reporters after informal talks with Obama during a working dinner for the two-day Nuclear Security Summit, said he asked for acknowledgment of the need to ease the base-hosting burden on Okinawa residents.

"I told him that the Japan-U.S. alliance is extremely important and that we are in the process of making efforts toward resolving the Futenma relocation issue," Hatoyama said. "I said that we will settle it by the end of May."

He said he told Obama that alleviating the burden on the residents of the prefecture, where U.S. Marine Corps Air Station Futenma sits in the middle of the city of Ginowan, is "necessary to help develop the Japan-U.S. relationship."

Hatoyama said he also asked Obama to lend his support to ongoing negotiations between Foreign Minister Katsuya Okada and John Roos, the U.S. ambassador to Japan.

Hatoyama, who has been seeking alternatives to the existing relocation plan for the U.S. base, said he did not mention by name any prospective sites. He firmly refused to reveal what Obama said during their chat, which lasted about 10 minutes while the two were seated next to each other at the dinner.

"Since we were seated next to each other, we were able to have a quality conversation alone for 10 minutes," Hatoyama said.

Asked if the conclusion by the end of May means Tokyo and Washington will have sealed an agreement on Futenma, Hatoyama said a conclusion can't be reached without contact with the United States.

A National Security Council spokesman said the two leaders reaffirmed their commitment to further strengthen the alliance as this year marks the 50th anniversary of the revised bilateral security treaty.

The base dispute involves a 2006 bilateral deal agreed on by a Liberal Democratic Party-led administration to relocate the Futenma airfield to a less-crowded area on Okinawa Island.

The Hatoyama government is now focusing on a plan to transfer the Futenma helicopter operations to Tokunoshima Island in Kagoshima Prefecture, about 200 km north of Okinawa Island, among other plans.

In their meeting, Hatoyama also said he shares the U.S. concern over Iran's perceived attempts to develop nuclear weapons, according to a Japanese official.

While emphasizing the importance of solving the matter through dialogue, Hatoyama suggested the international community adopt additional measures against Iran if Tehran fails to cooperate fully with the International Atomic Energy Agency.

Hatoyama agreed to monitor the issue in close coordination with Obama, according to the official. Japan this month assumes the chair of the U.N. Security Council.

Japan may hold general election if PM resigns: minister

TOKYO (Reuters) - Japan could hold a general election if Prime Minister Yukio Hatoyama steps down ahead of an election for the less powerful upper house of parliament this year, Jiji quoted a cabinet minister as saying on Thursday.

The remark was made by the national strategy minister, Yoshito Sengoku.

Hatoyama is under pressure over perceived mishandling of a row with Washington over a U.S. military base, and some say he will have to resign if he fails to resolve the problem by the end of May as he has promised.

Uighur, Dalai Lama to get visas

The government plans to issue entry visas for Uighur activist Rebiya Kadeer to visit next month and the Dalai Lama to visit in June, despite China's demand that Japan not let them in, sources said Thursday.

Both Kadeer and the Dalai Lama, criticized by China for allegedly engaging in what it calls separatist activities, will be visiting Japan for the second time since the Democratic Party of Japan came to power last August.

Their trips will signal the continuation of Japan's policy of accepting the two as visitors.

The administration, however, is likely to emphasize that neither will be received as government guests and that visas will be issued "on the basis of domestic laws."

Kadeer, who heads the World Uighur Congress, plans to attend symposiums in Tokyo and Osaka after arriving in Japan on May 20. The Dalai Lama is scheduled to come to Japan on June 18 and participate in a service at a Buddhist temple in Nagano. He will also deliver speeches in Ishikawa and Kanagawa prefectures.

A source close to Japan-China ties said Beijing is expected to be more sensitive than in the past about how Japan handles the visits, ahead of Premier Wen Jiabao's possible trip to Japan in late May.

U.S. floats modified plan on Futenma

The United States has sounded out Japan on modifying the existing plan on relocating U.S. Marine Corps Air Station Futenma in Okinawa by moving an airfield further offshore than the current accord specifies, sources close to bilateral ties said.

Washington is also considering returning to Japan the bombing ranges on the islands of Kumejima and Torishima, as well as part of a water area east of Okinawa, which are all used by the U.S. military, if Tokyo agrees to implement the 2006 Futenma relocation plan or the suggested modification, the sources said.

Okinawa Gov. Hirokazu Nakaima had previously requested that the government consider moving the proposed airfield further offshore, citing noise and other environmental concerns.

U.S. Defense Secretary Robert Gates indicated during his visit to Tokyo last October that he would accept such a modification.

The current plan, set under a 2006 bilateral accord, would involve moving Futenma from the crowded city of Ginowan to a new airfield to be built in a coastal area of U.S. Marine Corps Camp Schwab in Nago, also in the prefecture.

The modification proposal comes as the two countries have hit an impasse over where the base should be relocated, with Tokyo exploring alternatives to the current plan.

But the government of Prime Minister Yukio Hatoyama intends to negotiate with the U.S. government over a proposal to make Tokunoshima Island in Kagoshima Prefecture the relocation site for the helicopter unit now stationed at Futenma.

Nakaima has also stopped calling for merely modifying the current plan and has joined the mounting calls within the prefecture for moving Futenma outside of Okinawa.

It therefore appears difficult for the two countries to find common ground now that the U.S. has effectively rejected the Tokunoshima option, as well as another option to relocate the base to an area off eastern Okinawa by building an artificial island in the sea.

Hatoyama is still vowing to resolve the matter by the end of next month.

During a meeting with Foreign Minister Katsuya Okada on April 9, U.S. Ambassador to Japan John Roos said the 2006 plan should still form the basis for Futenma's relocation, but asked the government to consider whether it would be able to accept a modification to it, the sources said.

Okada avoided giving a clear-cut answer at that time, according to the sources.

In the meeting, Roos did not cite a concrete figure for how far offshore the airfield could be moved, but according to the Defense Ministry, no new environmental assessment will be necessary as long as the modification involves moving the base offshore by slightly more than 50 meters.

The Okinawa Prefectural Government has long called for the return of the bombing ranges and the partial return of the water area to Japan. But Washington has yet to approach Tokyo on their possible return because it intends to propose the move only if Japan agrees to proceed with the current plan or a modified version, the sources said.

Economic Front:

Detailed News:

BOJ's Shirakawa: Japan economy growth rate to rise

TOKYO, April 15 (Reuters) - Bank of Japan Governor Masaaki Shirakawa said on Thursday the country's economic growth rate is expected to gradually increase as improvements in corporate activity spread to the household sector.

"The risk of another sharp deterioration in Japan's economy has receded significantly," Shirakawa said in a speech to the central bank's regional branch managers.

Shirakawa also said global financial market conditions continue to improve as a whole, although there are some worries about sovereign risk.

Meiji Yasuda to boost its unhedged foreign bonds

TOKYO, April 14 (Reuters) - Japan's Meiji Yasuda Life Insurance Co said on Wednesday that it plans to boost its unhedged foreign bond holdings in a bid for higher yields, a move that could weigh on the yen in the coming months.

The nation's third-largest insurer also said it would reduce its hedged foreign debt holdings due to rising hedging costs amid the prospect that the United States will raise interest rates sooner than the euro zone or Japan, suggesting more fund flows into longer-dated Japanese government bonds.

Japan's top nine insurers held around \$1.6 trillion in assets -- about the size of Brazil's economy -- and their investment moves are followed closely by domestic and overseas market players.

Meiji Yasuda slashed its unhedged foreign bond holdings last fiscal year to avoid currency risks amid the yen's surge to a 14-year peak against the dollar and a one-year high versus the euro.

But the life insurer plans to increase its unhedged foreign bonds by 300 billion yen (\$3.22 billion) in the financial year that began on April 1, it said at a news conference.

Meiji Yasuda also said it is considering a variety of overseas investments beyond unhedged foreign bonds, in search of higher returns.

"Among the three major central banks, the Bank of Japan is likely to lag the most to take an exit policy and that in turn would make the yen vulnerable to selling," Meiji Yasuda Deputy President Yasuharu Takamatsu told a news conference.

Takamatsu said the company would remain cautious about currency volatility risk, but that present currency levels were fairly appropriate for buying unhedged foreign debt.

The dollar was trading around 93 yen JPY= on Wednesday, after rising to a seven-month peak near 95 yen earlier this month.

It has recovered from a 14-year low of 84.82 yen hit in November 2009 after the Bank of Japan pumped funds into the banking system to help fight deflation.

The euro stood around 127.50 yen EURJPY=, off a one-year low below 120 yen struck in February.

"The euro is likely to remain under selling pressure due to fiscal problems in Southern euro zone economies, but it will return to a gradual uptrend as the global economic recovery progresses," Meiji Yasuda said in an investment plan paper.

Meiji Yasuda forecasts the greenback will trade at 98 yen at the end of March 2011 after moving between 87 yen and 100 yen, and the euro at 140 yen after trading between 120 yen and 145 yen.

RISING HEDGING COSTS

Meiji Yasuda also said it would cut its hedged foreign debt by 200 billion yen due to rising hedging costs, with the prospect of interest rates rising in the United States earlier than in the euro zone or Japan.

It added that it would increase its holdings of domestic bonds by a net 1 trillion yen in the 2010/11 financial year.

Lower hedging costs, or a narrower spread between Japanese and overseas short-term interest rates, encouraged Japan's top insurers to move aggressively into hedged foreign bonds last year.

But those insurers, with about \$163 billion of foreign bond holdings in total, are now watching for when U.S. interest rates start to rise, a change that would push up foreign bond hedging costs and could lead to a weaker yen, or more Japanese government bond buying.

In the past, life insurers had unwound their hedges on U.S. bond holdings as costs had risen. This can help drive dollar gains as the insurers buy dollars for yen when they get rid of such hedges.

Rising hedging costs also tend to prompt those insurers to switch funds to domestic bonds from hedged foreign bonds, which were bought previously as an alternative to low-yielding JGBs.

Takamatsu said the company would accelerate its buying of longer-dated JGBs if 20-year JGB yields rise further above current levels. On Wednesday, the 20-year JGB yield stood at 2.12 percent JP20YTN=JBTC.

The benchmark 10-year JGB yield was at 1.365 percent JP10YTN=JBTC, near the lower end of Meiji Yasuda's forecast for the year of between 1.30 percent and 1.55 percent.

Meiji Yasuda manages 24.3 trillion yen of assets on behalf of policy holders, of which 6 percent was invested in foreign bonds at the end of March 2010.

Japan JAL CDS auction set for April 22 -ISDA

TOKYO, April 15 (Reuters) - An auction to settle credit derivatives contracts on Japan Airlines Corp (JAL) (JALFQ.PK) will take place on April 22, an official from the International Swaps and Derivatives Association (ISDA) said on Thursday.

JAL and two subsidiaries filed in January for bankruptcy protection with a combined \$25 billion in debt -- one of the largest corporate failures in Japanese history. [ID:nSGE60I079]

It would be Japan's second CDS auction after market players held one for credit derivatives contracts on consumer lender Aiful Corp's (8515.T) debt on March 25.

Mazda may fix 280,000 Mazda3/Axelas worldwide

TOKYO (Reuters) - Mazda Motor Corp (7261.T) said on Thursday it would recall 89,822 Mazda3/Axela compact cars in Japan and China to fix a problem with the oil hose, and a further 191,503 sold elsewhere could be subject to repairs.

In a filing with Japan's transport ministry, Mazda said driving on rough roads for an extended time could cause the oil hose to rub against the radiator's protective panel, causing oil to leak with wear. In the worst case, the car would be unable to start, it said.

No accident or complaint had been reported in Japan from the defect, Mazda said.

The Mazda3 model sold in the United States carries a different engine and is not subject to any repairs, a spokesman said. Mazda will decide how to repair the model in Europe and other markets according to safety regulations in each country, he said.

Tokyo Electron FY oper profit seen at JPY60 bln-Nikkei

April 16 (Reuters) - Japan's Tokyo Electron Ltd (8035.T), the world's No. 2 chip equipment maker, is expected to post an operating profit of about 60 billion yen (\$644.9 million) for the year ending March 2011, the Nikkei business daily said.

Sales are expected at 630 billion yen, helped by steady Chinese demand for semiconductor and LCD panel manufacturing equipment, the paper said.

The market for semiconductor manufacturing equipment is forecast to jump 40 percent to 50 percent this year, and Tokyo Electron's sales are expected to top the market average, the business daily said.

The company's operating profit margin is expected to recover to around 10 percent in fiscal 2010, the Nikkei said.

Chip companies are emerging from a prolonged slump, with makers of dynamic random-access memory (DRAM) chips set for a full-blown revival this year, as the improving global economy lifts corporate demand for computers.

That has encouraged them to boost capital spending to fend off rivals, a boon for Tokyo Electron, which has received new orders from South Korea's Samsung Electronics (005930.KS) and Taiwan's TSMC (2330.TW) and UMC (2303.TW).

Japan manufacturer pessimism lifts-Reuters Tankan

TOKYO, April 15 (Reuters) - Japanese manufacturers' sentiment hit its highest level in two years as robust exports continued to drive the economic recovery, a Reuters poll showed, but they expected no further improvement in sentiment in the three months ahead.

Service-sector firms were their least pessimistic since October 2008, though they lagged manufacturers. Manufacturers were also cautious about the outlook due to concerns about weak domestic demand, persistent deflation and rising commodities prices abroad, the monthly Reuters Tankan survey conducted from March 26 to April 12 showed.

"It confirmed that the economic recovery is spreading to overall sectors, thanks to Asia-bound exports, government subsidies for household appliances and signs of the job market bottoming out," said Yoshimasa Maruyama, an economist at Itochu Corp.

"Still, Japanese firms do not have enough factors to be optimistic about the economy looking ahead, even though their confidence has returned to neutral levels."

The global recovery trend helped send the Nikkei average .N225 to an 18-month closing high during the survey period. It also climbed 5.2 percent in the January-March quarter. In the poll, which has a 95 percent correlation with the Bank of Japan's tankan survey, the manufacturers' sentiment index rose to zero, up 8 points from March and nudging out of negative territory for the first time since April 2008.

A negative figure means pessimists outnumber optimists.

The improvement was led by export-related sectors such as machinery makers and electrical appliance makers, who benefit from brisk demand from China and other Asian economies.

China's economic growth -- a surprisingly robust annual pace of 11.9 percent in the first quarter -- has boosted market sentiment. But its voracious demand for raw materials has fuelled a rally in commodity markets, creating a new source of headaches for Japanese firms.

Most Japanese companies are avoiding hiking prices because they believe domestic demand is too weak, another Reuters poll showed, which means higher commodities prices squeeze corporate profits.

In the Reuters tankan, manufacturers forecast that their sentiment index would remain at zero in July. The index for service sectors rose to minus 14 from minus 22 in March and is expected to recover further to minus 5 in July, according to the poll of 400 large firms, of which 228 responded.

Seven & I Holdings (3382.T) and other leading Japanese retailers have signaled that the worst is over after a three-year downturn as they expect a modest profit recovery this year.

Analysts expect sentiment for both manufacturers and service-sector firms to keep recovering in the foreseeable future as exports maintain momentum and domestic demand picks up from the current low level.

UNDER PRESSURE

BOJ Governor Masaaki Shirakawa said on Thursday the pace of economic growth in Japan is likely to rise gradually as improvements in corporate activity spread to households, but the central bank will stick to a very easy monetary policy to pull Japan out of deflation.

"The risk of another sharp deterioration in Japan's economy has receded significantly," Shirakawa told a meeting of the bank's regional branch managers.

The BOJ held off on new initiatives at its monetary policy meeting last week and struck a more positive note on the economy.

Some investors took that as a sign that it might be done with monetary easing, but sources familiar with central bank thinking say it is ready to act again to fight deflation. Analysts also say the government is not about to let up in its calls for more monetary easing to support a fragile economy amid a falling public approval rating ahead of an election for parliament's upper house expected in July. "The BOJ may say the economic recovery is spreading broadly but the government is unlikely to be convinced, with the jobless rate still at a high level," said Rei Tsuruta, an economist at Mitsubishi UFJ Research and Consulting. "It's hard to imagine the government easing the pressure on the BOJ."

In a sign that Japan's economic recovery is still spotty, revised industrial output data for February confirmed Japanese factory output fell for the first time in a year. [ID:nTKV006368]

Economists polled by Reuters nudged up their growth forecasts for Japan in the first quarter as solid exports, particularly to China, and firm consumption underpin a slow yet steady recovery.

The Nikkei business daily reported on Thursday that Japan's government is set to keep its overall view of the economy unchanged in its monthly report for April and will say the economy is gaining ground steadily. [ID:nSGE63D0E7]

The BOJ could say this month that consumer prices will stop falling in the fiscal year from April 2011, sources say, but analysts said it would keep its easing bias as a full-fledged escape from deflation is still a distant goal.

Panasonic plans \$160 mln aircon plant in India

TOKYO, April 16 (Reuters) - Consumer electronics maker Panasonic Corp (6752.T) said on Friday it would spend \$160 million to build an airconditioner plant in India as it aims to boost sales in the country by five times over the next three years.

The investment is in line with the company's strategy to boost overseas sales, company spokesman Akira Kadota said.

Panasonic aims to generate 55 percent of its group sales outside Japan in the year to March 2013, up from the current 47 percent, he said.

The company relies more heavily on the shrinking domestic market than rivals like Sony Corp (6758.T), which rings up more than 70 percent of its sales abroad.

The new airconditioner facility, in the northern state of Haryana, will come on line in 2012.

Kadota said Panasonic planned to spend a total 30 billion yen (\$320 million) in India over three years starting in the 2010/11 financial year.

The company aims to raise its sales in India to around 200 billion yen in the year to March 2013, up from around 40 billion yen now, he said.

Sharp to double LCD plant capacity ahead of schedule

TOKYO, April 16 (Reuters) - Sharp Corp (6753.T) plans to double capacity at its flagship LCD plant in Japan three months ahead of schedule, the latest panel maker to speed up production to meet robust demand for flat TVs.

Sharp, the world's No.4 LCD TV maker, said on Friday it would bring its panel factory in the western Japan city of Sakai to its maximum processing capacity of 72,000 glass substrates a month in July, earlier than its original plan to do so in October.

The 430 billion yen (\$4.6 billion) plant is the world's first panel factory that handles so-called 10th-generation glass substrates, which are bigger than earlier-generation substrates and help reduce per-panel production costs.

The move comes on the heels of an announcement by Panasonic Corp (6752.T) that it began commercial operation at its new LCD plant in Japan on Monday, earlier than its original plan to start volume output in July.

Shares of Sharp, which makes Aquos brand LCD TVs, were down 1.1 percent at 1,235 yen, underperforming the Tokyo stock market's electrical machinery index .IELEC.T, which fell 0.7 percent. (\$1=93.06 Yen)

Hitachi, Toshiba beat own f'casts for 2009/10-Nikkei

TOKYO, April 17 (Reuters) - Hitachi Ltd (6501.T) and Toshiba Corp (6502.T) have likely beat their own earnings outlook for the year just ended due to brisk demand for digital electronics and power plants in emerging markets, the Nikkei business daily said.

Operating profit at Hitachi has likely exceeded 160 billion yen (\$1.7 billion) in the year ended March 31 thanks to growing orders for railway and power generation systems, and strong sales of flat televisions, the Nikkei said on Saturday.

That compares with the company's own operating profit forecast of 135 billion yen and the consensus of a 143.9 billion yen profit in a poll of 18 analysts by Thomson Reuters I/B/E/S.

Toshiba has likely beat its own operating profit forecast of 100 billion yen for the previous business year by about 10 billion yen as its flash memory chips, used in digital cameras and smartphones, met robust demand, the Nikkei said.

Analysts on average expect Toshiba to post an operating profit of 105.1 billion yen for the 2009/10 financial year.

Behind Samsung Electronics Co Ltd (005930.KS), Toshiba is the world's second-largest maker of NAND flash memory chips, which can retain data even after electricity is turned off, making them an ideal storage device for portable electronics.

No officials at Hitachi or Toshiba were immediately available for comment.

Toshiba is set to announce full-year earnings results on May 7, followed by Hitachi, Japan's biggest electronics conglomerate, on May 11.

Toyota duplicates SUV problem; new US hearing set

DETROIT/WASHINGTON, April 16 (Reuters) - Toyota Motor Corp(7203.T) confirmed results of a Consumer Reports test revealing a handling problem in a Lexus sport utility vehicle and sales will not resume until it is fixed, the automaker said on Friday.

Separately, U.S. Congressional investigators sought more information about the review of electronic throttles by the automaker and its consult on the matter as part of a broader review this year of unintended acceleration.

Energy and Commerce Committee lawmakers scheduled a May 6 hearing and asked that Toyota U.S. sales chief Jim Lentz testify. Lentz appeared before the panel in February.

Both developments and news of a voluntary recall in the United States and Canada of 870,000 Sienna mini vans for a cold-weather corrosion risk came ahead of Monday's deadline for Toyota to decide whether to appeal a proposed \$16.4 million Transportation Department fine.

U.S. safety regulators alleged earlier this month that Toyota knowingly hid information from regulators and violated regulations by delaying a recall in January for gas pedals that would not spring back as designed.

Toyota has said it had done a poor job of communicating before its recalls, and has taken steps to address the problem.

The latest safety issues come as Toyota is trying to repair its image for quality and reliability in the United States following massive recalls, congressional and regulatory investigations, and a flood of new lawsuits.

Toyota shares fell less than 1 percent on Friday in New York to \$79.37.

Toyota halted U.S. sales of the 2010 Lexus GX 460 luxury SUV on Tuesday and stopped production overall after Consumer Reports warned of a rollover risk and issued a rare warning advising consumers not to buy it.

Road handling tests by the magazine published by Consumers Union found that vehicle's rear end could slide out in a tight turn.

Lexus spokesman Bill Kwong said in a statement that "our engineers in Japan replicated the driving procedure and have duplicated the Consumer Reports result."

Toyota was "evaluating potential remedies" and it was too early to determine the timing of any repairs, Kwong said.

He added that sales will remain suspended until the company is confident the issue is resolved.

David Strickland, administrator of the National Highway Traffic Safety Administration, said on Thursday the agency would conduct its own tests on the Lexus used by Consumer Reports and on others of the same model.

Strickland applauded Toyota's handling of the warning on the Lexus SUV, which is a departure from the stiff criticism from regulators and lawmakers over how the company managed recent recalls.

Toyota recalled more than 6 million cars and trucks in the United States across its product line in October 2009 and in January for unintended acceleration linked to the "sticky pedal" problem and for floor mats that can trap the accelerator.

NHTSA engineers are in the midst of another review to address lingering questions about whether there are possible software or other electronic glitches in Toyota throttles and whether they could be behind consumer complaints of unintended acceleration.

U.S. safety investigators have never found any problems with the Toyota throttle systems, but lawmakers, safety advocates and others have questioned whether investigations over the years were thorough enough.

Preliminary work by Toyota engineering consultant Exponent (EXPO.O) showed no problems with the throttles, Toyota has said. The automaker has also said its internal reviews over the years have found that the system is sound.

Congress wants more answers, however.

In a letters on Friday to Toyota's Lentz and Exponent officials, Energy and Commerce Chairman Henry Waxman and Investigations Subcommittee Chairman Bart Stupak sought contracts, correspondence, reports and analysis related to Exponent's work for Toyota.

Toyota said in a statement it is "more than willing to meet with the committee and discuss" electronic throttle testing and steps to improve quality assurance.

Waxman and Stupak took issue with Toyota's conclusion in March that it had rigorously examined its throttle systems and found no problems.

Sony Ericsson makes surprise Q1 profit

STOCKHOLM, April 16 (Reuters) - Mobile phone maker Sony Ericsson posted a surprise first-quarter pretax profit on Friday, but stuck with its forecast of slight growth in the global handset market this year.

The world number four handset maker, owned by Sweden's Ericsson (ERICb.ST) and Japan's Sony Corp. (6758.T), reported a pretax profit of 18 million euros (\$25.16 million) for the period. The mean forecast in a Reuters poll of 27 analysts had been for a 157 million euro loss. The company made a 370 million euro loss in the year ago period.

Restructuring charges in the first quarter were 3 million euros against an average forecast of 51 million euros.

Japan's JFE eyes stake in India's JSW Steel-report

MUMBAI, April 16 (Reuters) - Japan's JFE Holdings (5411.T) is in advanced talks to buy a 14.06 percent stake in India's JSW Steel (JSTL.BO), which needs cash for its expansion plans, for about 50 billion rupees (\$1.1 billion), the Economic Times said on Friday.

The two companies are working on the terms of a share issue by JSW to its founders, Sajjan Jindal and his family, and JFE, the report said, citing a person familiar with the development.

Jindal and his family will invest about 25 billion rupees to retain their current holding of 42 percent, it said.

The paper said JFE and JSW officials declined to comment. (\$1=44.4 rupees)

Japan Kan: no immediate requests for China on yuan

TOKYO, April 16 (Reuters) - Japanese Finance Minister Naoto Kan said on Friday that Japan has no immediate requests regarding China's currency policy as there aren't large trade imbalances between the two countries.

Kan, speaking at a news conference, also said it would be difficult for companies to pass rising commodity prices onto consumers due to the large output gap.

Earlier on Friday Japan's government kept its overall economic assessment unchanged in a monthly report, while reiterating that deflation posed a risk and calling on the Bank of Japan to support the economy.

Socio-Cultural Façade;

Detailed News:

South Korean dramas finally go primetime in Japan

TOKYO, April 15 (Reuters) - South Korean TV dramas have dazzled Japanese fans ever since love story "Winter Sonata" ushered in Korean pop culture almost a decade ago, and now these shows have become primetime viewing.

The hit spy thriller "Iris" debuts on network TBS (9401.T) next Wednesday, the first South Korean series to air on a major Japanese commercial broadcaster during the key viewing block and underlining Korean dramas' breakthrough into mainstream Japan.

The espionage spectacular, starring Lee Byung-hun ("I Come with the Rain" and "G.I. Joe: The Rise of Cobra"), is also notable for being one of a very few foreign series to ever appear on Japanese network TV during the 7-10 p.m. "Golden Time" slot, which is typically heavy on quiz shows featuring local stars.

"Iris is so different from the Korean Wave dramas up until now," said TBS producer Yuko Yoshino, pointing to its overseas filming locations, star-studded cast and complex political storyline.

"We judged that the content is enough to compete even during Japan's primetime," she told Reuters in an interview, adding that there were never any reservations among station executives about giving "Iris" a primetime slot.

The "Korean Wave" -- a boom in South Korean pop culture -- swept Japan in the early 2000s when public broadcaster NHK aired the Bae Yong-joon starring "Winter Sonata," putting middle-aged female fans in a frenzy over the hunk nicknamed "Yon-sama" with some even taking tours to locations where the series was shot.

South Korean dramas, especially those of the romance genre, have since become a staple of Japanese cable and daytime TV but a primetime slot on network television had until now been virgin territory.

WIDER AUDIENCE APPEAL

"Iris" revolves around two operatives, played by Lee and Jung Joon-ho, and their sultry colleague, Kim Tae-hee, in the ultra-secret spy organisation NSS, caught up in North/South political intrigue from Hungary to Japan in a shadowy world of assassins and arms dealers.

The series, which TBS is to air on Wednesdays at 9 p.m. local time, was a blockbuster during its original 20-episode run on South Korean public broadcaster KBS last autumn with average viewer ratings of over 30 percent.

Yoshino noted that "Iris" would have a built-in audience among core Korean-drama fans, many of which are middle-aged women, but stressed the importance of aiming for a wider demographic through its primetime showing.

"I think we need to target a mass audience, such as men who have had no interest in them (Korean dramas), kids and young people," she said.

"That's why we're not using the word 'Korean Wave' at all in our advertising," Yoshino said, emphasising that she particularly wanted male audiences to tune in.

As part of this push, TBS will air "Iris" dubbed in Japanese for its primetime run, which Yoshino said many viewers prefer to subtitles, using voiceovers from the likes of actor Tatsuya Fujiwara and actress Meisa Kuroki.

Korean-drama aficionados who prefer the actual voices of Lee and other stars, however, will be able to watch "Iris" in subtitles on cable's TBS Channel.

As for broadcasting other foreign series during primetime hours, Yoshino said TBS had no such plans and would first need to see how "Iris" performed.

GSK's Japan unit to disclose payments to doctors-Nikkei

April 17 (Reuters) - The Japan-based unit of British drugmaker GlaxoSmithKline Plc (GSK.L) has decided to disclose the payments it makes to doctors and research institutions starting this fiscal year, the Nikkei business daily said.

This move, the first in Japan, comes amid a growing global trend among drugmakers to divulge this information, the paper said.

GlaxoSmithKline KK plans to begin by posting only the total amount and number of payments on its website, and gradually identify recipients with their permission, the paper said.

The disclosures will be announced by June.

The company said it contacted about 450 doctors since February, and about 60 percent of them have given their consent, Nikkei said.

Outside Japan, GlaxoSmithKline began disclosing payment totals at the end of last year.

Japanese cameraman among 21 killed in Bangkok protests

BANGKOK — The death toll from Saturday's political violence in Bangkok, Thailand's worst in 18 years, rose to 21 on Sunday as the government vowed to continue its efforts to take back the streets from protesters but set no timeline for doing so.

Besides antigovernment protesters, the fatalities included at least four soldiers and one foreigner, a 43-year-old Japanese television cameraman for Reuters news agency who was shot in the chest.

More than 800 people were injured in the clashes between the protesters and security forces, which came three days after Prime Minister Abhisit Vejjajiva declared a state of emergency in Bangkok.

Deputy Prime Minister Suthep Thaugsuban told reporters that while the government deeply regrets the loss of life, it remains firm in its goal of restoring normalcy in Bangkok.

"The government will continue the operation to take back the roads from the protesters because their occupation is unlawful," Suthep said.

"But it will take some time before we restart the operation," he said, adding that many soldiers and police who were involved in Saturday's confrontations were traumatized over what transpired and will need time to recover.

He said one of the soldiers who died was a colonel, and two other senior army officers were seriously wounded in the violence.

Throughout Sunday, the capital was relatively calm although emboldened protesters held a rally in front of a residence of former Prime Minister Banharn Silpa-archa, the de-facto leader of a coalition party.

Some protesters also acted in a threatening manner toward local journalists, accusing them of bias in covering the protests. A television crew member was injured when a protester smashed the window of his car.

Local journalists who have been covering the month-long protests decided to boycott the protesters but eventually agreed to return after intervention by Veera Musikapong, a protest leader.

In a bid to ease the tension, all soldiers and antiriot police were on Sunday pulled back from the Democracy Monument area in Bangkok's old quarter and the capital's prime business and shopping zone.

Suthep expressed concern about weapons stolen from military vehicles during the chaos Saturday and said he has assigned police to try to negotiate their return with protest leaders.

Following the bloodbath, Abhisit said Saturday night the door remains open for negotiations to achieve a peaceful solution to the crisis. But Suthep said that the protest leaders are still refusing to talk.

The protesters, who had previously been demanding that Abhisit dissolve Parliament and hold an election, now say the time for negotiations is over and that Abhisit and others held responsible for Saturday's "massacre" must leave the country.

Jaran Dithapichai, one of the protest leaders, said Sunday many foreign diplomats based in Bangkok had called on the protest leaders to resume negotiations with Abhisit but they would never do so.

"We still think that it will be better for us not to engage in any dialogue with the government. It is absolute impossible.

We will retain both battle fields at Phan Fa Bridge and Ratchaprasong intersection," he said during a live interview with the Nation Television.

Jatuporn Promphan, another protest leader and also a lawmaker of opposition Puea Thai Party, told protesters at one of the two rally sites that no nonpartisan mediator would be acceptable to the protesters other than King Bhumibol Adulyadej, the revered but ailing monarch who has been hospitalized in Bangkok for over six months.

"(There's) no need for any other mediator for the moment. The one and only mediator is the monarchy," Jatuporn said at the Ratchaprasong intersection, where all high-end malls and luxury hotels have been closed for an eight straight day.

The protesters, mostly supporters of ousted Prime Minister Thaksin Shinawatra, have been encamped in the Democracy Monument area of the city since March 12. They had been staging mobile rallies that paralyzed parts of the city, including commercial districts.

Abhisit has ordered an inquiry into the deaths. He added that the security forces were under strict orders not to use live ammunition other than to fire warning shots into the air or for self-defense in times of immediate danger.

Protesters used firearms, M-79 grenades, petrol bombs, and cooking gas cylinders to attack the security forces.

Bangkok's medical emergency operation center said 858 people were injured and 323 people remain hospitalized. Most of the protesters' injuries were caused by tear gas and rubber bullets.

Earlier Sunday, the army spokesman said 92 soldiers seriously wounded were among the total 265 soldiers hospitalized.

The fatalities include 14 civilians, among them the Japanese TV cameraman Hiroyuki Muramoto, whom Reuters said had worked for the news agency's Tokyo bureau for more than 15 years. He was found dead near Democracy Monument.

"I am dreadfully saddened to have lost our colleague Hiro Muramoto in the Bangkok clashes," Reuters Editor-in-Chief David Schlesinger said. "Journalism can be a terribly dangerous profession as those who try to tell the world the story thrust themselves in the center of the action."

Thailand Foreign Minister Kasit Piromya, in a message sent to his Japanese counterpart Katsuya Okada, expressed condolences to Muramoto's bereaved family.

In Tokyo, investigative sources said Sunday that the Tokyo Metropolitan Police Department intends to apply a provision of the Penal Code that allows Japanese police to investigate certain criminal incidents that occur abroad.

The police will carry out the investigation in cooperation with Thai police and coordinate with the Japanese Embassy in Bangkok and other parties to find out how Muramoto died, they said.

Test data for blood product systematically fabricated

A subsidiary of Mitsubishi Tanabe Pharma Corp. systematically falsified test data on allergic reactions during the development of one of its blood products, sources familiar with the matter said Saturday.

The product involved is the transgenic human serum albumin "Medway Injection 5 percent," which was developed jointly by Mitsubishi Tanabe Pharma and its subsidiary Bipha Corp. Employees at Bipha's quality control department fabricated the test data, according to the sources.

The falsification came to light last year after a Bipha employee revealed inside the company that data on another test conducted for the product in late 2008 had been fabricated.

A subsequent in-house investigation prompted by the whistle-blowing discovered that the results of allergic reaction tests using rats conducted between October 2005 and March 2007 had been fabricated.

The Ministry of Health, Labor and Welfare plans to suspend Bipha's business operations. But the ministry is carefully considering whether to issue a similar order to Mitsubishi Tanabe Pharma, which produced and sold the product, given that medical institutions could be significantly affected if the major pharmaceutical company's business is stopped.

Mitsubishi Tanabe Pharma has recalled the product after asking the ministry to revoke the production and marketing authorization for it. There have been no reports of damage to health.

Journalist's body arrives from Thailand

NARITA, Chiba Pref. (Kyodo) The body of a TV cameraman killed in violent clashes between security forces and protesters in Bangkok arrived in Japan on Tuesday, while Japanese police decided to start a criminal investigation into the case.

Hiroyuki Muramoto, 43, who worked for the Reuters bureau in Tokyo, was shot dead Saturday during clashes that left more than a dozen people dead and 800 injured.

His casket arrived at Narita International Airport, where airport workers and others offered silent prayers.

Fourth female justice takes up post

Former Keio University professor Kiyoko Okabe has assumed the post of Supreme Court justice, becoming the fourth woman on the top bench.

There are now two female justices among the total of 15.

"I would like to deal squarely with each case," Okabe told a news conference Monday. She replaces Tokiyasu Fujita, who retired.

Okabe praised the start of the lay judge system last year, telling the news conference that citizen participation is a key element in maintaining a sound judicial system.

Automatic cell culture device to aid medicine

KOBE (Kyodo) Kawasaki Heavy Industries Ltd. and the National Institute of Advanced Industrial Science and Technology have developed a device that can culture the cells of several people simultaneously and effectively for regenerative medicine, KHI officials said.

The device is expected to be used in the future to culture induced pluripotent stem cells, which can develop into any type of body tissue.

Cell culture has been one of the major barriers to the spread of regenerative medicine as it requires a time-consuming process. At present, experienced technicians need to take care of each person's cells manually to prevent the incorporation of cells of other people. The price for the device is expected to top ¥100 million.

Guide drafted for teaching Japanese to foreign residents

A government subcommittee has drafted guidelines for the first time on teaching Japanese to foreign residents to make their daily life easier, officials said Thursday.

The draft guidelines compiled by the Cultural Affairs Council subcommittee lists examples of words and phrases that foreigners should be encouraged to learn for smooth communication in 10 main categories, including health care, travel and shopping.

The categories are broken down into 48 subdivisions under which recommended words and phrases are presented in real-life scenarios such as how to use trains and take different kinds of medicine.

The number of registered foreign residents in Japan stood at around 2.22 million at the end of 2008, according to the Cultural Affairs Agency and the Justice Ministry.

Many government officials who deal with language education believe it would be desirable for at least 1 million of the foreign residents to learn Japanese so they can live their lives smoothly.

However, there has never been an attempt to compile government standards on the extent to which foreign residents should learn the language.

"(The curriculum) would mean a great deal if it serves to demonstrate the government's intention to support foreigners living in Japan for a long period," said Takeshi Yoshitani, a professor at Tokyo Gakugei University who is in charge of the Center for Research in International Education.

Population shrank by record 183,000 in '09

Japan's population has entered full-scale decline and shrank by a record 183,000 people over the past year, government data showed Friday.

As of Oct. 1, the population stood at an estimated 127,510,000 after shrinking by a record 0.14 percent, contracting for the second year in a row.

The year-on-year drop is the third to strike Japan since 1950, when comparable data first became available, the Internal Affairs and Communications Ministry said in the report. The other two shrinkages occurred in 2005, when it fell by 19,000, or 0.01 percent, and in 2008, when it contracted by 79,000, or 0.06 percent.

The ministry said its estimate was based on the results of the 2005 national census, annual data on births and deaths, and immigration data on entries and departures.

The female population stood at 65,380,000, down 61,000, or 0.09 percent, as deaths outnumbered births by 5,000, marking the first natural decline.

The male population stood at 62,130,000, down 121,000, or 0.20 percent, for the fifth consecutive annual decline as deaths exceeded births by 54,000.

Japan's population has entered a stage of full-scale decline as both men and women recorded natural decreases, ministry officials said.

The figures in the latest report included foreigners who stayed in Japan for 91 days or more and foreign students. The number of Japanese came to 125,820,000, revealing a decline of 127,000, or 0.10 percent. The number of people who entered Japan totaled 3,114,000, up 250,000 from the previous year, while those who left the country stood at 3,237,000, up 329,000, meaning that social factors caused the total population to shrink by 124,000.

Of the 124,000, foreigners accounted for 47,000, marking the first decline in 15 years linked to social factors. The officials attributed the decline in the foreign population to the recession triggered by the collapse of trading house Lehman Brothers in the fall of 2008.

Many foreigners lost their jobs and returned to their home countries as the financial crisis unfolded, the officials said. The number of people aged 65 and older came to 29,005,000, up by 789,000 and accounting for 22.7 percent of the population. In contrast, those aged 14 or younger fell by 165,000 to 17,011,000. The productive segment of the population, or those between the ages of 15 and 64, came to an estimated total of 81,493,000, shrinking by 806,000.

Japanese scientists measure growth in galaxy cluster

TAIPEI (Kyodo) A team of Japanese scientists claims to have measured growth in a galaxy cluster, the universe's largest structure bound by gravity, Taiwan's government-run Academia Sinica said in a news release. Galaxy clusters can consist of thousands of galaxies, but they also have radioactive gases and dark matter, an unidentifiable theoretical entity that produces gravitational effects. The scientists focused on a galaxy cluster named Abell 1689, which they said grew after being heated by matter from the adjacent "cosmic web," a near-void between galaxies containing limited amounts of matter. Nobuhiro Okabe, a postdoctoral fellow at Academia Sinica's Institute of Astronomy and Astrophysics, and Keiichi Umetsu, an associate research fellow at the institute, worked with Madoka Kawaharada, a postdoctoral researcher at the Institute of Physical and Chemical Research in Japan, and several other institutions on the project, the news release said.

The researchers' findings were published in the *Astrophysical Journal*.