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Summary of Report

South Korea

'Seoul Could Take Sunken Ship to UNSC'

Minister of Foreign Affairs and Trade Yu Myung-hwan said Sunday that South Korea could take the sinking of the naval ship Cheonan to the U.N. Security Council (UNSC) if North Korea was found to have been involved in the incident. Asked what kind of diplomatic measures South Korea could consider, Yu said "war-related" affairs were the jurisdiction of the council and therefore Seoul would have to abide by its ruling. He made the remarks on television, a day after North Korea denied involvement in the incident that left 38 sailors dead and eight others missing. Yu said what was also important was to strengthen the combined ROK-U.S. defense posture.

South Korea Vows to Find Culprit in Sinking of Warship

Pausing to wipe away tears with a handkerchief, South Korea's president, Lee Myung-bak, vowed Monday to respond "resolutely and unwaveringly" to last month's deadly sinking of a South Korean warship in disputed waters near North Korea. But South Korean political experts and politicians said there was little their country could actually do if investigators find the North was responsible for the March 26 explosion, which left 46 sailors dead or missing. South Korean salvage cranes are still trying to raise the front half of the 1,200-ton Cheonan, which was torn in two by the blast during a routine patrol. The ship went down in Yellow Sea waters where the two Koreas have had bloody naval clashes three times since 1999.

North Korea readying for 3rd nuclear test: report

North Korea is preparing for a third atomic test that may come in May or June, South Korean broadcaster YTN reported on Tuesday, an act that could further isolate Pyongyang and complicate already troubled nuclear diplomacy. South Korean Foreign Minister Yu Myung-hwan dismissed the report, saying Seoul had seen no evidence, and the U.S. State Department also voiced doubts about its accuracy. YTN quoted an unnamed diplomat as saying that preparations began in February and involve a level of technical proficiency that is significantly upgraded from the first two tests, considered partial successes at best.

South dismisses report of coming N. Korea nuclear test

South Korea's foreign minister dismissed on Tuesday a news report that North Korea was preparing for a third nuclear test in May or June, saying there was no evidence this was about to occur.

North Korea demands 'nuclear weapons state' status

North Korea demanded recognition on Wednesday as an official nuclear weapons state, and said it would build nuclear weapons as it deemed necessary. The comments, carried in a North Korea Foreign Ministry memorandum, also repeated calls for a permanent peace treaty with the United States to replace a decades-old armistice that ended the 1950-53 Korean War. Washington has rejected a peace treaty as long as Pyongyang refuses to end its nuclear programme. The statement said the North wanted to be on "an equal footing with other nuclear weapons states" despite quitting in 2003 the Nuclear Non-Proliferation Treaty (NPT) which sets the parameters for being a nuclear weapons state. Regional powers have refused to acknowledge the North's claim to be recognised as a nuclear weapons state.

Korea, Kazakhstan to Cooperate on Nuclear Energy

The leaders of South Korea and Kazakhstan agreed Thursday to cooperate for the peaceful use of nuclear energy, paving the way for Korea's exports of commercial reactors to the Central Asian country. In a summit at Cheong Wa Dae, President Lee Myung-bak and his Kazakh counterpart Nursultan Nazarbayev discussed the possibility of joint projects to mine uranium and develop nuclear reactors, the presidential office said. They shared a common understanding on the "great potential for cooperation between Seoul and Astana for the development of nuclear energy," the office said in a press release. The two countries agreed to seek an active partnership for the joint development of uranium mines and research on the System-Integrated Modular Advanced Reactor (SMART), an advanced 330-megawatt pressurized water power reactor invented by South Korea. The accord is a major accomplishment for the country's nuclear industry following Korea's signing of a \$20 billion contract last year to build nuclear plants in the United Arab Emirates. Korea aims to garner \$400 billion in nuclear plant deals by 2030, nurturing the sector into a major economic growth engine.

South Korean Navy Was Warned of ‘Human Torpedo’

South Korea’s military intelligence warned the country’s navy of a possible human torpedo attack from North Korea months before a South Korean warship sank in a mysterious explosion in late March, a newspaper report said Thursday. A Japanese 'human torpedo' in 1945. Officials say North Korea uses the armed mini-submarines to get close to targets. South Korea has not yet blamed North Korea for the March 26 sinking of the 1,200-ton warship, the Cheonan. But it has said the ship was torn in half in an “external” blast, fueling suspicions that it was hit by a North Korean torpedo. North Korea has denied involvement. The Defense Ministry in Seoul refused to comment on the Chosun report, citing its policy of not commenting on intelligence matters.

North Korea torpedoed South's navy ship: report

South Korea's military believes a torpedo fired from a North Korean submarine sank its navy ship last month, based on intelligence gathered jointly with the United States, a news report said on Thursday. The Yonhap news report appears to be the clearest sign yet that Seoul blames Pyongyang for what would be one of the deadliest incidents between the rivals since the end of the 1950-53 Korean War. It puts more political pressure on President Lee Myung-bak, but analysts do not see it triggering a war. The military's intelligence arm sent the report of "certain" North Korean involvement to the presidential Blue House soon after the incident, Yonhap quoted a high-ranking military source as saying.

South Korea won't retaliate alone for ship sinking

South Korea on Friday gave the clearest signal to date it had no plan to launch a revenge attack if it turns out, as widely suspected, North Korea sank one of its navy vessels last month near their disputed border. The reclusive North says it had nothing to do with the downing of the Cheonan, which sank after an explosion, killing 46 sailors. A South Korean military intelligence report leaked to the local media said the North had almost certainly torpedoed the ship. The issue is a fraught with risks for Lee.

Clinton urges N. Korea to avoid provocative actions

U.S. Secretary of State Hillary Clinton said on Friday that North Korea should not take provocative actions following allegations it may have sunk a South Korean ship, and should resume talks on ending its nuclear programs. South Korea on Friday gave the clearest signal to date that it had no plan to launch a revenge attack if it turns out, as widely suspected, that North Korea sank one of its navy vessels last month near their disputed border.

Senior Prosecutor Offers to Resign Over Scandal

A senior prosecutor Friday offered to resign after being accused of receiving bribes from a businessman in a massive scandal that implicates dozens of other prosecution officials, Yonhap News reported. Park Ki-joon, the chief prosecutor at Busan District Prosecutors' Office, still denies the suspicions leveled against him, according to Justice Ministry officials. He said he wanted to "ease the burden" on the prosecution and help the situation to come to a resolution quickly, they said. It was not immediately clear if his resignation would be accepted. It is reported that Jung attempted to commit suicide, eating toxic drug.

S. Korea raises warship, finds clues on sinking

South Korea on Saturday raised the front half of a warship that exploded and sank a month ago near a contested sea border with North Korea, finding clues that support growing suspicions Pyongyang attacked the vessel. The 1,200-tonne corvette Cheonan sank in what military officials said was likely a torpedo attack. Forty-six South Korean sailors were killed in what could be one of the deadliest strikes by Pyongyang on its rival since the end of the 1950-53 Korean War. The North has denied involvement. The front end of the ship was raised by a giant sea crane and drained before being placed on a barge.

North Korea Seizes Part of Resort Operated With South

North Korea confiscated five facilities owned by South Korea at a jointly operated mountain resort on Friday, and it called South Korea's president a "traitor" and accused him of defaming the North's most important holiday. The unilateral seizures and harsh comments were indicative of the tensions that have been rising between the Koreas since a South Korean warship sank in a mysterious explosion on March 26. Although President Lee Myung-bak of South Korea has not yet blamed the North for the sinking, he has vowed to find the cause of the disaster and he has delivered unusually harsh criticisms of North Korea amid a growing suspicion in the South that the ship may have been hit by a North Korean torpedo. North Korea has denied any involvement in the sinking, which killed 39 South Korean sailors. Seven seamen are still missing and presumed dead.

Economic Front:

Korea to Push for FTA With China

President Lee Myung-bak instructed the Cabinet Tuesday to study the possibility of a free trade agreement (FTA) with China, saying as a rapidly growing China changes the landscape of the global economy, South Korea should adapt itself to the shift quickly. It's the first time that Lee has raised the need for a free trade deal with China although institutes have conducted feasibility studies on an FTA for the past few years. In 2008, the two governments agreed on the need to

push for the trade accord, but negotiations have never taken place partly due to geopolitical concerns over North Korea's nuclear program.

During an interview with The Washington Post in early April, the CEO-turned-President, renewing calls for an early implementation of the FTA between Korea and the United States, said Seoul can push for such a deal with Beijing.

Hyundai Has Prius-Killer in the Works

Hyundai is working on a new hybrid-only model to directly compete against the Toyota Prius. "We are studying a dedicated Prius-fighter vehicle, meaning a hybrid-specific nameplate that isn't based off a Sonata or a Santa Fe," Miles Johnson, Hyundai product public relations manager, told HybridCars.com. "It's its own thing." While Johnson did not confirm a specific production date, he placed the new hybrid-only model ahead of the Hyundai Blue Will plug-in hybrid concept. "We've also been studying plug-in hybrid technology, which is a bit farther out for us. But the near-term would be a Prius-sized vehicle," Johnson said. "You can look at the dimensions of the Blue Will concept and see it would be a similar package and size to a Prius." "A hybrid vehicle usually takes double the time of a standard production car, and a plug-in even more than that," Johnson said. "Think about how long GM has been spending on the Chevy Volt. It doesn't happen overnight, but we've got some good partners with LG Chem on the batteries." Johnson downplayed the reality of the Blue Will plug-in hybrid as "just a concept car," but pointed to a Hyundai "Prius-fighter" as more immediate and real. "We have a lot of engineers working quietly behind the scenes. We're really moving as fast as we can." Both projects are being developed at Hyundai's Namyang design center in South Korea. Hyundai designers took the company's "fluidic sculpture" concept to the extreme on the Blue Will. A Hyundai hybrid-only model would follow the same direction, but toned down. In terms of technology, a new Prius-like Hyundai likely will follow the direction of the Hyundai Sonata Hybrid, due for release in late 2010. That model uses Hyundai's proprietary full hybrid system with lithium polymer batteries. Great pains were taken to reduce weight and improve aerodynamics in the Sonata Hybrid. An original platform should allow Hyundai to go even further. Moreover, Hyundai is emphasizing efficiency in highway driving instead of city driving.

ANZ considering buying \$4 bln KEB stake

Australia and New Zealand Banking Group is preparing to make a bid for Lone Star's LS.UL \$4 billion controlling stake in Korea Exchange Bank, two sources said, as Australia's No.4 lender looks for major deals in its bid to expand. ANZ (ANZ.AX) is an unexpected contender for South Korea's sixth-biggest lender, which U.S. private equity fund Lone Star bought in 2003 and is seeking to sell after years of delays due to legal debates. With its sound balance sheet and ambition to grow, ANZ could make a strong bidder for KEB (004940.KS), in what would be South Korea's biggest banking deal to date, and one which would give a foreign buyer a sizeable

foothold in Asia's No.4 economy. ANZ CEO Michael Smith told Reuters in an interview on Tuesday he wanted a transformational deal to catapult the bank into the Asia big league alongside HSBC (HSBA.L)(0005.HK) and Standard Chartered (STAN.L)(2888.HK). He also said in March that ANZ wants to expand in South Korea and Japan, given the trade flows between Australia and the two countries. HSBC is another foreign investor being closely watched for a possible bid for KEB after its earlier attempt to buy the South Korean lender failed. Analysts said ANZ's interest may also prompt potential Korean suitors such as KB Financial Group (105560.KS) to join the race. Most of legal issues have since been resolved in court.

Hyundai Profit Jumps Fivefold to Record on New Models (Update1)

Hyundai Motor Co., South Korea's largest automaker, said quarterly profit jumped fivefold to a record after an economic recovery and new models spurred demand. Net income rose to 1.13 trillion won (\$1 billion) in the three months ended March 31, from 225 billion won a year earlier, the Seoul-based carmaker said in an e-mailed statement today. That compares with the 790.3 billion won average of 26 analyst estimates compiled by Bloomberg. Sales gained 40 percent to 8.42 trillion won. Hyundai rose 0.4 percent to close at 125,500 won in Seoul trading, compared with the Kospi index's 0.5 percent drop. The stock has advanced 3.7 percent this year after more than tripling in 2009. Operating profit surged more than fourfold to 702.7 billion won from 153.8 billion won, the statement said. The company's factories in China and India as well as other affiliates boosted net income in the past quarter, Hyundai said in the statement. Affiliates contributed 514 billion won to profit in the past quarter compared with a 15 billion won loss a year earlier, Hyundai said. Hyundai's global market share for the quarter was 4.8 percent, up from 4.7 percent a year earlier. Retail sales in its home market increased 30 percent, as the Sonata sedan became the best-selling car in South Korea. The average selling price of cars exported from South Korea rose 13 percent. Hyundai maintained market share in the U.S. while cutting incentives there to \$1,750 per vehicle in the past quarter, the lowest level since 2003, Yim said.

Hana Fin sees \$900 mln net profit in 2010 -report

Hana Financial Group (086790.KS), South Korea's No. 4 banking group, is expected to earn a 1 trillion won (\$903 million) net profit this year, Yonhap news reported on Thursday, up sharply from 306 billion won last year.

LG Display, Hynix, AU Post Higher Profit as Demand Recovers

LG Display Co., Hynix Semiconductor Inc. and AU Optronics Corp. reported higher earnings for the past quarter, reflecting a recovery in demand for electronics ranging from televisions to computers. Rising demand for flat-panel TVs and personal computers drove up prices of liquid-crystal displays and memory chips, helping LG Display, the world's second-largest maker of

LCDs, AU, Taiwan's second-ranked manufacturer, and Hynix, the world's No. 2 computer-memory chipmaker, post increased profit in the first quarter. The Asian companies follow major global technology firms including Intel Corp. and Apple Inc. in reporting higher earnings as shipments of TVs and computers are projected to rise in 2010. The International Monetary Fund yesterday raised its forecast for global growth this year to 4.2 percent, the fastest pace since 2007, led by China. Global shipments of LCD TVs will rise 24 percent to more than 180 million units in 2010, Austin, Texas-based research firm DisplaySearch said last month. Shipments in China will probably increase 34 percent to 39.2 million sets, according to the research firm.

Kia Motors' Q1 profit jumps; zooms in on U.S. sales

Quarterly earnings at Kia Motors Corp (000270.KS), South Korea's No. 2 automaker, more than trebled, lifted by strong sales of high-margin upgraded models in the Chinese and U.S. markets. With its U.S. plant in Georgia kicking off full operation, Kia said on Friday it would continue its aggressive push into the U.S. market with a series of new car launches, including the Sorento R SUV and Soul compact, along with a generous marketing budget. The result broadly met a consensus forecast of 319.5 billion won from 24 analysts surveyed by Thomson Reuters I/B/E/S. Kia, an affiliate of Hyundai Motor Co (005380.KS), has been churning out a revamped SUV Sportage R and is set to raise its market share with high-margin new line-ups as the global economy recovers. Sales from its overseas plants in the United States, China and Slovakia almost trebled, led by the Sorento R and K7 sedan.

LG Display to invest \$226 mln in OLED technology

South Korea's LG Display (034220.KS) said on Thursday it would invest 250 billion won (\$225.7 million) to triple capacity of a line producing organic light-emitting diode (OLED) displays. OLED displays use organic, or carbon-containing compounds, that emit light when electricity is applied. They produce crisp images and do not need backlighting, making them slimmer and more energy-efficient than liquid crystal display (LCD). They are mainly used in high-end mobile phones such as smartphones and industry experts expect them to expand to large-sized displays such as flat-screen TVs.

Samsung Life CEO: it's tough to stop the "Tank"

It's tough selling insurance. It's tougher still floating off chunks of an insurance company when volcanic ash has paralysed global air travel and you're on a whirlwind IPO roadshow through Asia, Europe and the United States. None of that, though, has stopped Samsung Life Insurance (032830.KS) CEO Lee Soo-chang from pitching shares in his South Korean focused insurer to European and U.S. clients. Even after his global tour, Lee lived up to his monicker, appearing on Friday at Samsung Life's annual awards ceremony for its best marketing staff. But Lee wasn't always so relentlessly focused on insurance. He studied veterinary medicine at South Korea's most prestigious university and dreamt about becoming a lawyer. A 45-year Samsung Group

veteran, Lee Su-bin is among the most senior of the group's presidents and unit chiefs, and hosts the weekly chief executive meetings.

Posco Raises Steel Prices as Much as 25% on Costs (Update2)

Posco, South Korea's largest steelmaker, will raise product prices by as much as 25 percent from May 3, taking advantage of strong demand from makers of cars and appliances to pass on higher raw material costs. Asia's third-biggest mill will increase prices for hot-rolled coil by 25 percent to 850,000 won (\$766) a metric ton, and for cold-rolled coil by 23 percent to 965,000 won, according to an e-mailed statement today. Rival Hyundai Steel Co. also announced today it will increase prices by as much as 23 percent. Posco joins China's Baoshan Iron & Steel Co. in raising prices this week as the global economic recovery accelerates, and mining companies demand as much as a doubling in the prices of iron ore and coal, used in making steel. ArcelorMittal, the world's biggest steelmaker, said last month prices may need to increase by a fifth to help cover the higher costs. Posco said on March 10 its product prices may need to increase by up to 20 percent because of rising raw material costs. The Korean mill on April 13 raised its full-year sales forecast by 8 percent, after posting a more than fourfold jump in first-quarter profit.

Samsung Life prices \$4.4 bln IPO near top of range

Samsung Life priced South Korea's biggest IPO, and Asia's second-largest so far this year, near the top of the range on Friday to raise \$4.4 billion, the latest Asian insurer to draw keen investor interest. The initial public offering by Samsung Life Insurance Co Ltd (032830.KS) follows recent issues by Korea Life (088350.KS) and Japan's Dai-ichi Life Insurance (8750.T), which have performed well since their debuts. Samsung Life, the country's biggest insurer, priced its offer for 44.4 million shares at 110,000 won each, near the top of the 90,000-115,000 won range, to raise 4.9 trillion won (\$4.41 billion).

South Korean Jobless Rate to Stay Near 4%, Yim Says (Update2)

South Korea's unemployment rate will remain near the March level of 4.1 percent for at least the rest of the year before gradually decreasing to 3 percent, Labor Minister Yim Tae Hee said. President Lee Myung Bak's administration, which faces local elections in June, made job creation a priority and pressed the central bank to keep interest rates at a record-low 2 percent to stoke the economy. Business investment is expected to rebound this year, with the Bank of Korea raising its 2010 economic growth forecast to 5.2 percent, the fastest pace since 2006. Moody's Investors Service this month increased the nation's credit ratings to A1 from A2, citing accelerating economic growth and a "relatively small" deficit. Exports surged in the first three months, and the central bank forecast the economy probably grew 1.6 percent in the first quarter. Yim said the government will provide vocational training so those workers can shift to "high value-added industries." Free trade agreements with the U.S., Asia and the European Union will

eventually provide the impetus to open up South Korea's services economy to competition. Its investments in education and information infrastructure are among the highest among members of the Organisation for Economic Cooperation and Development, the Barclays economist said.

Socio-cultural Front;

Administration of SAT to Be Reinforced in Korea

Korean students will have to deal with tougher administration of the Scholastic Aptitude Test (SAT) starting in May, after a series of irregularities involving the leaking of questions occurred here earlier this year. The Educational Testing Service (ETS), the United States-based organizer of the test, said Sunday that applicants from Korea, Thailand and Vietnam will be barred from using any kind of electronic devices, including mobile phones at examination sites from next month. Also they will not be able to change the type of test or their exam site on the day of the test. The reinforcement of test management came after Korean SAT lecturers were apprehended for leaking test questions. According to police, the lecturers saved the questions using scientific calculators with storage functions, or by cutting out test sheets. This is to prevent teachers at the test center from leaking questions.

List of Progressive Teachers Disclosed

A lawmaker disclosed Monday a list of unionized teachers on his homepage, defying a district court ban and causing a huge stir as to the appropriateness of the move. Rep. Cho Jeon-hyeok of the governing Grand National Party went ahead with unveiling the names and schools of the progressive teachers on www.educho.com. Cho disclosed the names of 61,273 members of the Korean Teachers and Education Workers Union (KTU) and 160,280 members of the pro-government Korean Federation of Teachers' Associations. At a press conference, he said there was no legal problem in releasing the list after he consulted with legal experts.

Girls Good at Languages, Boys at Math

Girls are better with words and boys are good at calculating. They also study better when separated than in the same classroom, a state-run institute reported Wednesday while announcing an analysis of the nationwide College Scholastic Ability Test (CSAT) results. The test was conducted in November last year with more than 450,000 participants. According to the Korea Institute for Curriculum and Evaluation, a section of the education ministry, girls outshone boys in the Korean and English languages section, while the latter were better at mathematics. Coed schools were less effective when it came to academic achievements — they were behind single-sex schools by 5.7 points in the Korean language, 5 in English and 1.9 in mathematics, on average.

Icelandic Volcano Ash to Reach Korea

Ash from the volcanic eruption in Iceland is forecast to reach the Korean Peninsula's atmosphere Tuesday, the weather agency said Monday. However, its impact on respiratory diseases or other health conditions is expected to be minimal. According to the Korea Meteorological Administration, the volcanic ash from Eyjafjallajokull will enter the atmosphere 6,000 to 8,000 meters above the ground on Tuesday and 3,000 to 5,000 meters above it on Thursday. International media said the airlines are collectively losing more than \$200 million a day.

Conflicts Expected to Deepen at School

The disclosure of a list of names of progressive teachers is expected to cause conflicts among teachers, students and parents, dividing schools into progressives and conservatives. Rep. Cho Jeon-hyeok of the governing Grand National Party, Monday, unveiled the names and schools of teachers who are members of the progressive Korean Teachers and Education Workers Union (KTU). He also disclosed a list of members of the conservative Korea Federation of Teachers' Association (KFTA). Cho claims that parents have a right to know the political inclination of their children's teachers. However, teachers' groups are skeptical that the exposure of the lists will be of any benefit to parents and students.

'Old Boys' of Judiciary Circle Accused of Influence-Peddling

A local court is accused of approving the release of two loan sharks arrested for threatening behavior and extortion charges just two days after their arrest. The two, who were clients of former judges, are suspected of having received special favors in line with the judiciary body's customary practices to deliver rulings in favor of former judges or "old boys," the plaintiff claimed. According to Ceratech, an electronic accessories company, 52-year-old Lee and 44-year-old Moon bought 9 billion won of its bonds with a warrant from the company CEO Song in May last year. When they failed to raise capital through stock price rigging, the two "investors" threatened to kill Song and snatch a total of 20 billion won from him. It was later revealed that Lee and Moon were closely attached to local gangsters in southern Seoul. The two were arrested and indicted on charges of threatening behavior last Wednesday, but the Seoul Central District Court granted bail of 200 million won on Friday.

Rights Commission Accused of Breaching Human Rights

An employee of the National Human Rights Commission (NHRC) has petitioned against his own employer for infringing on his human rights in the workplace. "The NHRC is investigating the appeal and there should not be any pressure during the investigation," an official of the NHRC said. This is the first time an NHRC employee has filed a petition against the committee itself. The unidentified official claimed that he was discriminated against as a general government employee during the agency's restructuring last year. He also insisted that some progressive

committee members violated his human rights by going beyond their boundaries. Some regard this as action to put pressure on the progressive commissioners.

South Korea Arrests 2 From North in Alleged Assassination Plot

South Korean security officials said Wednesday that they had arrested two North Korean agents who had posed as defectors in a plot to assassinate the highest-ranking North Korean defector by slitting his throat. The defector, Hwang Jang-yop, a former North Korean Workers' Party secretary, has bitterly criticized the North Korean leader, Kim Jong-il, since his defection in 1997. Mr. Hwang tutored Mr. Kim and helped create the country's ruling philosophy of *juche*, or national self-reliance. Mr. Hwang, now 87, lives at a secret site in South Korea under police protection. He occasionally emerges to give a speech or a lecture, as he did recently in Washington and Tokyo, and his talks are typically replete with biting assessments of Mr. Kim and the North Korean government.

Can Seoul become the world's most attractive city?

Appearances may not be everything, but they're dominating discussions on the future of South Korea's sprawling, 10-million-strong capital Seoul. Long a domain of excessive concrete and drab apartment blocks, Seoul is embarking on perhaps the most ambitious facelift in its 600-year-history, aimed at catapulting it into the top ranks of global cities in terms of architecture and image. The International Council of Societies of Industrial Design (ICSID) has praised Seoul's ongoing transformation, naming the city its Global Design Capital for 2010. But critics wonder at the cost of the change and how much of what distinguishes Seoul will be destined for the wrecking ball. Seoul Mayor Oh Se-hoon, a telegenic politician up for re-election in June and seen as a possible contender in the 2012 presidential race, has staked his fortunes on the design plans he hopes will bring more business and tourism to the city. Critics of the changes point to a plaza in front of an ancient palace not far from Oh's offices in the city center as an example of how easily plans can go awry. Gwanghwamun Square, a pedestrian plaza that opened last year in the middle of one of Seoul's busiest thoroughfares, has drawn fire from some quarters for being overly landscaped and its incongruous location in the middle of 12 lanes of traffic.

Foot-and-Mouth Disease Spreads Across Nation

Foot-and-mouth disease (FMD) appears to be spreading further inland after a new outbreak was confirmed Thursday at a dairy farm in Chungju, North Chungcheong Province, raising concerns that the highly contagious disease will wreak havoc on the nation's livestock industry. In response, the government has raised its FMD crisis alert to the highest level, vowing to take all possible measures to contain the spread of the outbreak.

Civic Group Sues 'Sponsored' Prosecutors

A civic group here filed a suit against 57 former and incumbent prosecutors accused of having received money and sexual entertainment as bribes from a businessman. The People's Solidarity for Participatory Democracy (PSPD) said Thursday that it has reported the so-called ``sponsored'' prosecutors to the Supreme Prosecutors' Office for criminal proceedings, accusing them of taking bribes in exchange for providing business favors to the jailed head of a construction firm in Busan, the nation's largest port city. On Tuesday, MBC TV's investigative program "PD Notebook" made public the names and photos of two incumbent senior prosecutors — Park Gi-joon at the Busan Prosecutors' Office and Han Seung-chul at the Supreme Prosecutors' Office — who were on the list.

11 missing after La. oil rig explosion

Our focus right now is on taking care of the people," he said. Chief Petty Officer O'Berry said Coast Guard environmental teams were on standby in Morgan City, La., to assess any environmental damage once the fire is out. According to Transocean's website, the Deepwater Horizon is 396 feet long and 256 feet wide. The semisubmersible rig was built in 2001 by Hyundai Heavy Industries Shipyard in South Korea. The site is known as the Macondo prospect, in 5,000 feet of water. The rig is designed to operate in water up to 8,000 feet deep and has a maximum drill depth of about 5.5 miles. It can accommodate a crew of up to 130. A semisubmersible rig is floated to a drilling site. It has pontoons and a column that submerge when flooded with seawater. The rig doesn't touch the sea floor, but sits low in the water, where it is moored by several large anchors. Last September, the Deepwater Horizon set a world deepwater record when it drilled down just over 35,000 feet at another BP site in the Gulf of Mexico, Mr. Panagos said.

South Korea Buys 5,000 Tons of Soybeans for Food in Tender Today

Korea Agro-Fisheries Trade Corp., a South Korean state-owned food importer, said it purchased 5,000 metric tons of non-genetically modified soybeans for food production. The company bought the oilseeds due for arrival in June and July at between \$587.49 a ton and \$595.0 ton on a cost-and- freight basis, according to a notice on the company's Web site

Animals Banned From Moving Over Disease

The government Friday banned the movement of animals near sites where foot-and-mouth disease outbreaks have been confirmed and increased decontamination efforts to stem the spread of the highly contagious livestock disease. The heightened effort comes after food-and-mouth disease, first reported earlier in the month on Ganghwa Island and near Gimpo along the west coast, spread to a pig farm in Chungju, about 150 kilometers southeast of Seoul, the farm ministry said. All farms located within 10 kilometers of the eight contaminated farms will be

barred from moving their animals. The government will buy those that cannot be sold at a later date.

Japan

Politico-Strategic Front

Former state leaders kick off nuclear disarmament summit in Hiroshima

Former government leaders from around the world have opened a plenary meeting of the InterAction Council to debate how nuclear weapons can best be eliminated. Sam Nunn, former chairman of the U.S. Senate Armed Services Committee, said in a guest speech at the Hiroshima venue that the upcoming conference to review the Nuclear Nonproliferation Treaty must not repeat the failure of the previous meeting in 2005, when it ended without consensus. Among participants in the InterAction Council are 14 former heads of state, including former Swedish Prime Minister Ingvar Carlsson who serves as cochair with former Canadian Prime Minister Jean Chretien, as well as former Japanese prime ministers Yasuo Fukuda and Tomiichi Murayama. They will issue a Hiroshima Declaration at the end of the 28th annual meeting, known also as the Old Boys Summit, following closed-door sessions Monday and Tuesday.

Foreigner suffrage opponents rally

Conservative politicians express outrage at DPJ plan Conservative intellectuals and key executives from five political parties were among the thousands who gathered in Tokyo on Saturday to rally against granting foreign residents voting rights for local elections. Jin Matsubara, a Lower House member from the ruling Democratic Party of Japan, also attended. According to the organizer, a total of 10,257 people attended the convention at the Nippon Budokan arena in Chiyoda Ward, including representatives of prefectural assemblies and citizens from across the nation. Oshima, the LDP's No. 2, promised that "in the name of protecting the nation's sovereignty" the largest opposition party would do everything in its power to prevent such a bill from being enacted. Your Party chief Watanabe accused the DPJ of using the suffrage issue to lure New Komeito, which supports foreigners' local election rights, before the upcoming Upper House election. "This is nothing but an election ploy by the DPJ," he claimed.

Embattled Japan PM's support rate slips further

Only a quarter of voters support Japanese Prime Minister Yukio Hatoyama's government, a newspaper poll showed on Monday, as his troubles mount before a mid-year election his party must win to avoid policy deadlock. Support fell 7 percentage points from last month to 25 percent in a poll by the Asahi Shimbun daily, continuing a slide from an initial high of around 70 percent when Hatoyama took office last September. A separate poll by the Mainichi Shimbun

daily showed support at 33 percent, down 10 points from March. The percentage of voters who planned to vote for the Democrats in an upcoming election for the upper house fell to 24 percent from 30 percent, the Asahi poll also showed, narrowing a gap with its main opposition rival. Japan's opposition Liberal Democrats have called for Hatoyama to resign and a lower house election to be held if he fails to resolve the feud over the U.S. Futenma base by the end of May, and National Strategy Minister Yoshito Sengoku said on Friday that was possible.

BOJ's Shirakawa to appear in parliament on Tuesday

Bank of Japan (BOJ) Governor Masaaki Shirakawa will appear before a parliamentary committee on Tuesday from 9 a.m. to noon (0000-0300 GMT). Shirakawa will answer questions from five lawmakers at the lower house financial committee, a parliamentary official said.

Japan: Protest Over Chinese Helicopter

Japanese officials lodged a protest with Beijing on Wednesday over a Chinese helicopter they say flew too close to a Japanese destroyer in the waters off Okinawa, the Foreign Ministry said. The incident, the second such event this month, took place on Wednesday about 310 miles south of Okinawa, where United States forces are based, the Foreign Ministry said. The earlier incident occurred April 8, when a Chinese helicopter that had taken off from a warship flew near a Japanese destroyer in the East China Sea.

Counterfeiting treaty, now public, confirms critics' fears

ACTA, the anticounterfeiting trade agreement that has ignited debate over its provisions for clamping down on copyright abuse on the Internet, was made public Wednesday, but the fears it sparked while it was being negotiated secretly will not go away any time soon, according to people in the IT industry, telecom industry and civil liberties groups. Leaks of the negotiating text that appeared in recent months drew attention to plans to make Internet service providers liable for the content being disseminated on their networks. They also revealed that the ACTA would encourage countries that sign it to impose a graduated response to illegal file-sharing of content such as music and movies. Black described the ACTA text as "copyright law on steroids" and warned that it would punish U.S. technology companies seeking to do business outside the U.S.

Economic Front:

Mitsubishi Motors: being sued by Egyptian sales firm

Japan's Mitsubishi Motors Corp (7211.T) said on Monday that it is being sued by its Egyptian sales firm, which it said is claiming that the automaker is "unfairly" terminating a contract. The

Egyptian company, Masria Co, is seeking 900 million dollars from Mitsubishi unless the contract is extended, the car company said.

Japan's Kan: Japan should aim for 1-2 pct inflation

Japanese Finance Minister Naoto Kan said on Tuesday that it is desirable for the government and the Bank of Japan to aim for inflation of 1 to 2 percent when guiding policy.

Nikkei dips 0.1 percent, charts point to further fall

Japan's Nikkei average dipped 0.1 percent on Tuesday, a day after its biggest percentage loss in two months, with technical charts suggesting it may pull back further in the wake of its recent rally to an 18-month high. The Nikkei spent much of the day in positive territory, initially getting some respite after Monday's 1.7 percent slide. The Nikkei fell 8.09 points to 10,900.68

Japan Tries to Face Up to Growing Poverty Problem

Satomi Sato, a 51-year-old widow, knew she had it tough, raising a teenage daughter on the less than \$17,000 a year she earned from two jobs. Still, she was surprised last autumn when the government announced for the first time an official poverty line — and she was below it. After years of economic stagnation and widening income disparities, this once proudly egalitarian nation is belatedly waking up to the fact that it has a large and growing number of poor people. The Labor Ministry's disclosure in October that almost one in six Japanese, or 20 million people, lived in poverty in 2007 stunned the nation and ignited a debate over possible remedies that has raged ever since. But perhaps just as surprising was the government's admission that it had been keeping poverty statistics secretly since 1998 while denying there was a problem, despite occasional anecdotal evidence to the contrary. That ended when a left-leaning government led by Prime Minister Yukio Hatoyama replaced the long-governing Liberal Democratic Party last summer with a pledge to force Japan's legendarily secretive bureaucrats to be more open, particularly about social problems, government officials and poverty experts said. Following an internationally recognized formula, the ministry set the poverty line at about \$22,000 a year for a family of four, half of Japan's median household income. Researchers estimate that Japan's poverty rate has doubled since the nation's real estate and stock markets collapsed in the early 1990s, ushering in two decades of income stagnation and even decline. Still, social workers say they fear that the poor will not be able to pay for cram schools and other expenses to enable their children to compete in Japan's high-pressure education system, consigning them to a permanent cycle of low-wage work.

Backlash Builds in Japan to New Rules for Banks

As momentum grows in the United States and Europe for tighter regulations on banks, opposition is building in Japan, Hiroko Tabuchi writes in The New York Times. Financial

industry leaders and even regulators argue that proposed measures like stronger bank capital requirements and taxes on financial transactions to curtail risk-taking, as well as new rules being debated for Wall Street, are overreactions that threaten to derail the global economic recovery. But their objections are also rooted in fears that tougher rules would make it harder for Japanese banks to expand and compete worldwide at a time when they must look overseas for growth. That seems unfair, they say, considering Japanese banks engaged in few of the risky practices that set off the crisis.

Japan Bans Beef Exports

Japanese authorities imposed a temporary ban on beef exports on Tuesday after finding suspected cases of foot-and-mouth disease in cows on a single farm in southern Japan. The agriculture minister, Hirotaka Akamatsu, told reporters that mouth ulcers, a symptom of the disease, were detected in three cows from the farm in southern Miyazaki prefecture, an area known for its prized beef. The ban affects Japan's relatively tiny exports — worth about \$40 million last year — of mainly gourmet beef to countries like China and the United States. The agriculture ministry said it would also kill all 16 cows on the farm. The disease, which is not fatal to humans, was last detected in Japan 10 years ago.

Japan's exports rise for 4th straight month

Japan's exports rose for a fourth straight month in March as a recovering global economy drove demand for the nation's cars and gadgets. Exports jumped 43.5 percent from a year earlier to 6 trillion yen (\$63.5 billion), the government said Thursday. The figures offer more evidence that robust growth, particularly in Asia, is feeding a turnaround in the world's second-biggest economy, offsetting weak demand and falling prices at home. Shipments rose worldwide, with those to Asia up almost 53 percent. Exports to the U.S. grew 30 percent, and those to the European Union rose 27 percent, the finance ministry said. Overseas shipments of vehicles more than doubled, while electrical machinery exports were up 43 percent.

BOJ's Nishimura: signs Japan escaping deflation

Bank of Japan Deputy Governor Kiyohiko Nishimura said on Wednesday there are positive signs that Japan will escape deflation. "It can be said that some beams of light are starting to break through a thick cloud of deflation. "A rule of thumb is that there is about a one-year lag until changes in the economy affect the inflation rate. "In that sense, it could be said that from the middle of 2009 to the spring of 2010 was a period in which the effects of the (earlier) economic plunge ... put strong downward pressure on prices with a time lag.

MONETARY POLICY

From the news conference:

"We will take the necessary steps when needed... "We should not have preset ideas about future policy and should explore all possible options available in our tool kit...We have expanded our possibilities and will continue to do so... "The current two-pillar policy framework based on our understanding of long-term price stability has responded well to changes in the financial environment.

Moody's cuts Toyota rating on recall costs

Moody's cut its credit rating on Toyota Motor Corp (7203.T) by one notch, predicting a long slump in profitability and potential litigation costs for a massive recall that has tarnished the Japanese automaker's brand. A ratings downgrade could make it more costly for Toyota to secure funding and service its \$36 billion in outstanding debt, most of which matures between 2010 and 2012, according to Thomson Reuters data. Moody's Investors Service lowered its senior unsecured rating on the world's largest automaker to Aa2, its third-highest ranking, from Aa1. It said the outlook was negative, leaving open the possibility of a further downgrade in the future. Toyota faces considerable challenges to boosting profitability, including sluggish market conditions, overcapacity and the need to offer unusually large incentives to support sales, Moody's said in a release. Moody's said that its current rating should also find support from its very strong balance sheet and large liquid reserves, including about 2.5 trillion yen in cash and 3.6 trillion yen in investment securities at the end of last year.

BOJ Shirakawa advocates holistic approach to policy

Japan's central bank governor said on Thursday that too much focus on price stability can lead monetary policymakers to miss important indicators of a coming crisis. Bank of Japan Governor Masaaki Shirakawa told members of the Economic Club of New York that had Japanese and U.S. central bankers focused on short-term price-stability alone, they would have missed the signs of the recent financial crises in their countries. He added that monetary policymakers should have acted more decisively to curb asset price bubbles in the lead up to the countries' financial crises.

Toyota shares extend drop after Moody's downgrade

Shares of Toyota Motor Corp (7203.T) extended losses on Thursday after ratings agency Moody's Investors Service downgraded the automaker to Aa2 from Aa1 and said the rating came with a negative outlook.

Another 34,000 Toyotas recalled

Toyota Motor Corp. will recall about 34,000 vehicles worldwide — 13,000 Lexus GX 460 sport utility vehicles and 21,000 Land Cruiser Prado cars — to address potential rollover problems stemming from insufficient activation of the vehicle stability control system. The recall affects all Lexus GX 460 SUVs sold around the world, including about 9,400 units in the United States and 1,000 units each in Russia and Oman. The Land Cruiser Prados being recalled are among left-hand-drive models, Toyota said. They include 4,400 units in Oman, 4,000 units in Russia and 1,500 units in the United Arab Emirates, it said, adding that no right-hand-drive models are being recalled. "In circumstances in which advanced driving skills are required . . . the vehicle could slide sideways, due to insufficient activation of the VSC," Toyota said, referring to the vehicle stability control. The automaker said it will update the VSC program to enhance its effectiveness. Toyota took the step after U.S. magazine Consumer Reports issued a "Don't buy" warning last week for the Lexus GX 460, saying the vehicle is at risk of rolling over when drivers make turns at high speed. Toyota has since suspended global sales of the SUV.

Socio-cultural Façade;

Majority don't want to be lay judges

Eighty percent of Japanese people are reluctant or do not want to take part in lay judge trials, a Supreme Court survey showed Friday. Only 19 percent of respondents said they "would like to participate" in trials. The survey of 2,037 people aged 20 and above was conducted in January and February. Of those surveyed, 2,010 responded.

Whaling commission chairman outlines proposed compromise

The chairman of the International Whaling Commission offered a compromise proposal Thursday that would authorize commercial hunting for the first time in a quarter-century in exchange for reducing the number of whales killed each year. A global whaling moratorium took effect in 1986 but three nations -- Japan, Norway and Iceland -- have continued hunting whales in spite of it, killing roughly 1,700 annually in recent years. The U.S. and other anti-whaling countries have sought to strike a deal that would create an international monitoring system to ensure a steadily-declining whale hunt. Under the new proposal, whalers initially would be permitted to take 400 Antarctic minke whales in the Southern Hemisphere, an area that includes the Southern Ocean Whaling Sanctuary, and that number would fall to 200 over the next decade. Also in the Southern Hemisphere, the number of fin whales that could be taken would start at 10 and decrease to five during the same period. In the Northern hemisphere, hunters would be permitted to take 120 common minke whales off the coast of Japan for the next 10 years annually, along with 40 common minke whales offshore and 50 sei whales annually.

Boost sought for working mothers

The government is aiming for 55 percent of women to continue working after having their first baby by 2020, up from 38 percent in 2005, officials said. Under the employment policy to be included in its growth strategy, the government will also aim to improve working conditions for women and reinforce growth amid the declining birthrate and graying of society. The growth strategy is to be compiled by the end of June.

Japan's oldest man celebrates 113th birthday with his family

Jiroemon Kimura, the oldest man in Japan, celebrated his 113th birthday Monday with about a dozen family members at his home in Kyotango, Kyoto Prefecture. Surrounded by his great-grandchildren and great-great-grandchildren, Kimura finished his festive plate of red rice and grilled sea bream for lunch, and smiled when he was handed a birthday cake. When he was told that the record for longevity for a Japanese male is 120, Kimura said "it might be a little difficult" to break the record, "but that makes it all the more worthwhile" to try. Because his lower body has become weak, Kimura tends to lie down more often during the day, but he still manages to eat his meals regularly, according to the family. Born on April 19, 1897, Kimura has 25 great-grandchildren and 10 great-great-grandchildren.

Education ministry to review format of national achievement tests

The education ministry will seek the views of local boards of education about how to improve the national achievement test, which this year were conducted under a scaled-back format, officials said Wednesday. In a survey to be distributed soon, the ministry will ask such questions as why schools that weren't selected did or did not take part voluntarily in the latest test held Tuesday, as well as views about the previous blanket format for the exam and requests for the future, the officials said. The annual test for elementary school and junior high students covered all schools when it was reinstated in 2007 after a 43-year hiatus, but the current administration has scaled the program back to cut costs.

South Korea

Politico-Strategic Front

Detailed News:

(The Korea Times) 'Seoul Could Take Sunken Ship to UNSC'

Minister of Foreign Affairs and Trade Yu Myung-hwan said Sunday that South Korea could take the sinking of the naval ship Cheonan to the U.N. Security Council (UNSC) if North Korea was found to have been involved in the incident.

Asked what kind of diplomatic measures South Korea could consider, Yu said "war-related" affairs were the jurisdiction of the council and therefore Seoul would have to abide by its ruling.

He made the remarks on television, a day after North Korea denied involvement in the incident that left 38 sailors dead and eight others missing.

Yu said what was also important was to strengthen the combined ROK-U.S. defense posture.

"We will also seek bilateral cooperation with the European Union and Japan, allies that share similar views," Yu said.

North Korea has a record of denying provocative acts that it turned out later to have committed, and accordingly its latest claim that it had nothing to do with the sinking of the Cheonan is hard to believe, observers said Sunday.

The reclusive nation used to show a typical pattern in its response to such events, including the 1983 bombing in Rangoon, which killed 17 Koreans and four Burmese, and the 1987 downing of KAL Flight 858, which killed all 115 on board.

The bomb in Rangoon narrowly missed killing then-President Chun Doo-hwan. Two North Korean agents involved in the bombing were captured by Burmese authorities.

North Korea also has not accepted responsibility for the 1987 aircraft bombing. The communist state accused South Korea, Japan, the U.S. and Bahrain, where North Korean agents involved in the attack were detained, for creating a "false drama" to frame North Korea.

Regarding the ship sinking that occurred in the West Sea on March 26, the North had remained quiet on the matter. Of 104 crew, 58 were rescued soon after the 1,200-ton frigate started to sink.

In response to allegations of its involvement, Pyongyang claimed the South fabricated what happened in order to turn the tide in domestic politics.

In a statement released by its military Saturday, the North claimed it had nothing to do with the ship sinking, accusing the South of lying as to the cause of the disaster.

It said that warmongers and conservative politicians in the South were playing the security card ahead of the June 2 local elections to gain support.

The statement was the first official reaction from the North, 22 days after the frigate sank near the western maritime border with North Korea.

Seo Jae-pyoung, secretary general of the Seoul-based non-profit group North Korea Intellectuals Solidarity, told The Korea Times that the maritime disaster was a case in which the North would never confess to the crime it had committed.

"The state-controlled media in the North reported on the second West Sea battle in 2002 that killed six South Korean Marines and wounded 19, calling it a victory," he said.

Seo, a North Korean defector, said the sinking of the Cheonan was not something the North can admit to publicly as it would suffer enormous consequences later.

In its nature, he argued that the maritime tragedy is closer to the North Korean agents' bombing of KAL Flight 858 in 1987.

A multinational investigation team began looking into the cause of the disaster last week, and the investigation is still under way.

By looking at the shape of the damage to the separated stern, experts said an external explosion seemed likely to have caused the sinking.

(New York Times) South Korea Vows to Find Culprit in Sinking of Warship

SEOUL, South Korea — Pausing to wipe away tears with a handkerchief, South Korea's president, Lee Myung-bak, vowed Monday to respond "resolutely and unwaveringly" to last month's deadly sinking of a South Korean warship in disputed waters near North Korea.

But South Korean political experts and politicians said there was little their country could actually do if investigators find the North was responsible for the March 26 explosion, which left 46 sailors dead or missing. South Korean salvage cranes are still trying to raise the front half of the 1,200-ton Cheonan, which was torn in two by the blast during a routine patrol.

"I promise you that as president, I will uncover the cause of the Cheonan's sinking down to the very last detail," Mr. Lee, who came to office promising a tougher line against the North, said in a 10-minute televised speech.

During the broadcast, Mr. Lee grew tearful as he read the names of the dead and missing. However, he never mentioned North Korea by name, following the cautious stance of his government in avoiding placing blame on the North until an inquiry of the mysterious blast was completed.

On Saturday, state-run media in North Korea broke three weeks of silence about the sinking to deny that their country was involved. However, with investigators already concluding that the explosion came from outside the Cheonan's hull, the consensus view in Seoul is that the ship was attacked by either a mine or a torpedo from a North Korean submarine.

The ship went down in Yellow Sea waters where the two Koreas have had bloody naval clashes three times since 1999.

The question now preoccupying South Korean media and North Korea watchers is what their country can do in response if it turns out the North was behind the attack. The answer seems to be precious little, say political experts and politicians. They say economic sanctions will have limited effect on the already isolated North, and the South will likely balk at an outright military confrontation.

"If evidence makes it clear that North Korea was involved, we would fall into an extremely difficult dilemma, both militarily and non-militarily," Kim Jong-soo, a former defense minister, told reporters.

Even a minor rise in tensions would most likely spook investors and consumers, undermining the \$800 billion South Korean economy. Still, Mr. Lee is already facing pressure from within his own conservative Grand National Party to retaliate.

Over the weekend, the foreign minister, Yu Myung-hwan, said South Korea might ask the United Nations Security Council for new sanctions against the North. There has also been talk of shutting down a South Korean-run industrial complex near the North Korean city of Kaesong, which has been a source of hard currency for the North.

With few options for punishing the North, political experts say Mr. Lee may end up stalling for time. Investigators from the United States, Sweden and other nations are examining the rear half of the Cheonan, which was recovered last week. While the front half is expected to be raised by the end of this week, a final decision on the North's involvement may take weeks, or even months, political experts said.

"Revenge will inevitably lead to bad results," said Andrei Lankov, a professor at Kookmin University in Seoul. "Lee Myung-bak is trying to buy time, to let things cool down."

For now, the South Korean public seems to be showing more sorrow than anger over the suspected attack. South Koreans said they were shocked by the loss of life, but did not want war.

“We need to be patient and continue engaging North Korea,” said Hong Jin-ki, 42, a computer programmer in Seoul. “If we take measures, then both South Korea and North Korea will suffer.”

(Reuters) North Korea readying for 3rd nuclear test: report

SEOUL, April 20 (Reuters) - North Korea is preparing for a third atomic test that may come in May or June, South Korean broadcaster YTN reported on Tuesday, an act that could further isolate Pyongyang and complicate already troubled nuclear diplomacy.

South Korean Foreign Minister Yu Myung-hwan dismissed the report, saying Seoul had seen no evidence, and the U.S. State Department also voiced doubts about its accuracy.

"If North Korea was making such preparations, there would be related circumstances that can be detected ... there is no intelligence on such circumstances," Yu told a news briefing.

"We are skeptical of that report," State Department spokesman P.J. Crowley told reporters in Washington.

YTN quoted an unnamed diplomat as saying that preparations began in February and involve a level of technical proficiency that is significantly upgraded from the first two tests, considered partial successes at best.

North Korea has boycotted international nuclear disarmament talks for over a year and put conditions on its return that include ending U.N. sanctions imposed after its last test in May 2009 that dealt a severe blow to its feeble economy.

North Korea, scrutinized by U.S. spy satellites, can easily signal it is preparing for a test by moving equipment but that does not mean a blast is imminent, analysts said.

A third test would improve North Korea's ability to make nuclear weapons but also decrease its supply of fissile material, thought to be enough for six to eight nuclear bombs, experts say.

Destitute North Korea may be trying to hedge its position, experts said. It needs the aid that comes with making progress in nuclear disarmament talks but also wants the world know it can rattle the region with another nuclear test if discussions fail.

"The North is likely to first show that it may conduct a test and then try to prod China and the United States (into making concessions)," said Lee Jong-won, an expert on the North at Japan's Rikkyo University.

Leader Kim Jong-il is expected to soon go to China, his state's biggest backer and closest thing it can claim as a major ally, where he may try to win sweeteners for returning to the six-country talks hosted by Beijing, experts said.

Kim's leadership has been tested by a failed currency move late last year that exacerbated food shortages among an impoverished public and sparked rare civil unrest.

This raised questions about his ability to anoint his youngest son as heir to the state his family has ruled for more than 60 years.

Previous nuclear tests, trumpeted at home, have boosted Kim's stature with his country's powerful armed forces and rallied the masses around his guiding military-first rule.

A German former aid worker in North Korea told reporters in Beijing that farmers had been resisting accepting the new currency following the reform which, she said, was threatening already precarious food supplies.

"Some people thought that after some time everything will be fine again. But then when they said at the beginning of January that nobody could use any foreign currency, then people became really unhappy," said Karin Janz, who until Feb. 1 was North Korea country director for German NGO Welthungerhilfe.

Market players, who have grown used to the North's sabre rattling, said the report had no major market impact. The North's two previous nuclear tests caused brief, and quickly reversed, falls in local shares and the Korean won.

Investors said markets would move on acts that raise the chance of war, shaking the export-based economies of North Asia that are responsible for about one-sixth of the global economy.

"North Korea should come to its senses. The people are suffering and they spent 6 billion won (\$5.37 million) in fireworks on founder Kim Il-sung's birthday. Imagine how much corn that could buy," South Korean President Lee Myung-bak said.

(Reuters) South dismisses report of coming N. Korea nuclear test

SEOUL, April 20 (Reuters) - South Korea's foreign minister dismissed on Tuesday a news report that North Korea was preparing for a third nuclear test in May or June, saying there was no evidence this was about to occur.

"If North Korea was making such preparations, there would be related circumstances that can be detected ... there is no intelligence on such circumstances," Yu Myung-hwan told a news briefing, referring to a report by broadcaster YTN.

(Reuters) North Korea demands 'nuclear weapons state' status

SEOUL, April 21 (Reuters) - North Korea demanded recognition on Wednesday as an official nuclear weapons state, and said it would build nuclear weapons as it deemed necessary.

The comments, carried in a North Korea Foreign Ministry memorandum, also repeated calls for a permanent peace treaty with the United States to replace a decades-old armistice that ended the 1950-53 Korean War.

Washington has rejected a peace treaty as long as Pyongyang refuses to end its nuclear programme.

The statement said the North wanted to be on "an equal footing with other nuclear weapons states" despite quitting in 2003 the Nuclear Non-Proliferation Treaty (NPT) which sets the parameters for being a nuclear weapons state.

Regional powers have refused to acknowledge the North's claim to be recognised as a nuclear weapons state.

"(North Korea) will manufacture nukes as much as it deems necessary but will neither participate in nuclear arms race nor produce them more than it feels necessary," said the Foreign Ministry memo, carried by the official KCNA news agency.

U.S. officials said that the North has about 50 kg (110 lb) of plutonium, which proliferation experts said would be enough for six to eight nuclear weapons. Experts say they do not believe the North has the ability to miniaturise an atomic weapon to place on a missile.

The North Korean Foreign Ministry comments come at a time of heightened tensions on the Korean peninsula after a deadly sinking of a South Korean navy ship that many in the South think was caused by a torpedo attack by the North. Pyongyang denies the claim.

A news report also said this week that North Korea may be preparing for a third nuclear test in May or June, an act that could further isolate Pyongyang and complicate already troubled nuclear diplomacy.

North Korea has boycotted nuclear disarmament talks with five regional powers including the United States for more than a year, putting conditions on its return that include an end to U.N. sanctions imposed after its nuclear test in May last year.

North Korean leader Kim Jong-il's leadership has been tested by a failed currency move late last year that exacerbated food shortages among a hungry public and sparked rare civil unrest.

The North's Foreign Ministry memorandum said it had tried to defuse a nuclear crisis on the Korean peninsula that had been initiated by the United States.

"All these efforts, however, proved futile. The last and only option was to react to 'nukes with nukes'. The extreme nuclear threat of the U.S. persistently compelled the DPRK to have access to nukes."

(The Korea Times) Korea, Kazakhstan to Cooperate on Nuclear Energy

The leaders of South Korea and Kazakhstan agreed Thursday to cooperate for the peaceful use of nuclear energy, paving the way for Korea's exports of commercial reactors to the Central Asian country.

In a summit at Cheong Wa Dae, President Lee Myung-bak and his Kazakh counterpart Nursultan Nazarbayev discussed the possibility of joint projects to mine uranium and develop nuclear reactors, the presidential office said.

They shared a common understanding on the "great potential for cooperation between Seoul and Astana for the development of nuclear energy," the office said in a press release.

The two countries agreed to seek an active partnership for the joint development of uranium mines and research on the System-Integrated Modular Advanced Reactor (SMART), an advanced 330-megawatt pressurized water power reactor invented by South Korea.

The accord is a major accomplishment for the country's nuclear industry following Korea's signing of a \$20 billion contract last year to build nuclear plants in the United Arab Emirates.

Korea aims to garner \$400 billion in nuclear plant deals by 2030, nurturing the sector into a major economic growth engine.

Kazakhstan is the world's second largest holder of uranium reserves, while Korea is the sixth largest consumer of the material. Seoul is currently operating 20 nuclear reactors nationwide, meeting nearly 40 percent of its total energy needs.

Korea and Kazakhstan agreed to make joint efforts to promote safe and peaceful use of nuclear energy worldwide, Cheong Wa Dae said.

Lee and Nazarbayev expressed satisfaction at the progress of joint projects to construct a thermal plant near Balkhash Lake and explore the Jambil oil block in the Caspian Sea.

They also decided to expand long-term partnerships on various fronts such as infrastructure, petroleum, the defense industry, information and technology, transportation, health care, agriculture and tourism.

The Kazakh leader arrived in Seoul on Wednesday for a three-day visit.

Upon arrival, he attended a ceremony to mark Korea's designation of the Year of Kazakhstan in 2010.

He also met with National Assembly Speaker Kim Hyong-o, Prime Minister Chung Un-chan and business leaders here.

(New York Times) South Korean Navy Was Warned of ‘Human Torpedo’

SEOUL, South Korea — South Korea’s military intelligence warned the country’s navy of a possible human torpedo attack from North Korea months before a South Korean warship sank in a mysterious explosion in late March, a newspaper report said Thursday.

A Japanese 'human torpedo' in 1945. Officials say North Korea uses the armed mini-submarines to get close to targets.

South Korea has not yet blamed North Korea for the March 26 sinking of the 1,200-ton warship, the Cheonan. But it has said the ship was torn in half in an “external” blast, fueling suspicions that it was hit by a North Korean torpedo. North Korea has denied involvement.

Early this year, the South Korean Defense Intelligence Command had alerted the navy to “possible attacks of North Korean human torpedoes,” the mass-circulation Chosun Ilbo reported on Thursday, citing an unnamed government source. So-called human torpedoes are in fact small submarines. Pilots steer them toward a target, release the submarine’s warhead and ride the craft away, often killing themselves in the process.

The command also warned that the North Koreans were vowing retaliation for a naval skirmish last November. That battle was considered a South Korean victory because no Southern sailors died while a North Korean ship was heavily damaged with an uncertain number of casualties.

The Defense Ministry in Seoul refused to comment on the Chosun report, citing its policy of not commenting on intelligence matters.

The human torpedoes were developed by the Japanese military and, along with kamikaze air attacks, were employed in the last, desperate stages of World War II to overcome the allies’ increasingly effective defenses.

Historians say that almost as many Japanese died in the attacks as the 162 American seamen and officers who went down in the two recorded sinkings in human torpedo attacks.

In an era of laser-guided weaponry, the notion of a human torpedo is obviously anachronistic and indicative of the general decrepitude of the North Korean military. Making a virtue of necessity, however, North Korea often exhorts its people and soldiers to become “human rifles and bombs.”

The Cheonan sank in waters near the disputed western sea border between the two Koreas, the site of skirmishes in 1999 and 2002.

On Thursday, another sailor was found dead, bringing the number of confirmed dead among Cheonan sailors to 39. Seven remain missing.

South Korea is investigating the wreck of the rear half of the Cheonan, which was lifted out of the water last week. Engineers are expected to salvage the other half this weekend. Investigators are also scouring the sea bottom to collect debris from the explosion, which they hope will provide clues to what and who caused the blast.

The Chosun report cited its source as saying that South Korea had detected signs of North Korea's training a human torpedo unit. Military auditors were investigating whether the navy had ignored the warning, the report said.

Chosun also released a video on Thursday that, if authentic, would provide the first visual corroboration of the North Korean government's recent crackdown on private markets. The video shows a busy outdoor market in Onsong, the northernmost city in North Korea, in October and the same market, all but deserted, four and a half months later. "It only shows one market at two points in time," said Kay Seok, a Human Rights Watch researcher based in Seoul who monitors North Korea, after watching the video. "But it visually conforms with what we have been reading and hearing from various sources about what has been going on in markets inside North Korea."

After years of tolerating private markets, North Korea began cracking down on them in late November, reasserting state controls over the economy with disastrous results.

Inflation and food shortages followed. South Korean news media reported sporadic but highly unusual outbursts of public discontent in the North.

The authorities then relaxed some controls. But traders did not return to the markets, instead hoarding their goods, according to analysts who monitor the North Korean economy.

The newspaper said its journalists worked with the Rev. Kim Seung-eun, head of Caleb Mission, a shelter for North Korean refugees in the South, who also sends aid into the North. The journalists and Mr. Kim sent five pen-shaped video cameras into the North with North Koreans working for the pastor. After the videos were made, Mr. Kim collected the cameras at the Chinese-North Korean border.

North Korea torpedoed South's navy ship: report

SEOUL (Reuters) - South Korea's military believes a torpedo fired from a North Korean submarine sank its navy ship last month, based on intelligence gathered jointly with the United States, a news report said on Thursday.

The Yonhap news report appears to be the clearest sign yet that Seoul blames Pyongyang for what would be one of the deadliest incidents between the rivals since the end of the 1950-53 Korean War. It puts more political pressure on President Lee Myung-bak, but analysts do not see it triggering a war.

The military's intelligence arm sent the report of "certain" North Korean involvement to the presidential Blue House soon after the incident, Yonhap quoted a high-ranking military source as saying.

Lee's government has come under criticism for what many see as its overly cautious handling of possible links to North Korea. It has called for a thorough investigation of the sinking, thought to have killed 46 sailors.

Market players have been calmed by the South's measured response, seeing Seoul as unlikely to take aggressive moves that would escalate into armed conflict and harm the export-driven economies of North Asia, responsible for about one-sixth of the global economy.

South Korea's defense ministry had no comment on the report.

"North Korean submarines are all armed with heavy torpedoes with 200 kg (441 lb) warheads," the military source was quoted as saying by Yonhap. "It is the military intelligence's assessment that the North attacked with a heavy torpedo.

"The military intelligence has made the report to the Blue House and to the Defense Ministry immediately after the sinking of the Cheonan that it is clearly the work of North Korea's military," the source was quoted as saying.

South Korea plans to soon raise the front half of the 1,200-tonne Cheonan, which went down near a disputed sea border with North Korea, and will issue its verdict on the cause of the explosion that sank the warship after that.

Analysts said there is little South Korea can do even if Pyongyang is found to be the culprit, because a military response was likely to hurt its own quickly recovering economy and bolster North Korean leader Kim Jong-il's standing at home.

Lee ended a decade of no-questions-asked aid to the destitute North and called for a hardline push for Pyongyang to disarm.

"The nuclear issue has still not been resolved. This and the Cheonan incident all serve to inflict a negative impact on the Lee administration," said Lee Nam-young, a political analyst at the Sejong University in Seoul.

The reclusive North has denied it had anything to do with the sinking near the disputed sea border off the west coast that has been the scene of two deadly naval battles in the past decade.

It accused Lee of using the incident for political gains ahead of crucial local elections in June.

South Korea has few economic options left to hurt the North. It has already suspended its unconditional handouts that once were worth more than \$1 billion to the North, which has an estimated yearly GDP of \$17 billion.

The greatest risk to the region is a brief armed conflict where North Korea fires tens of thousands of artillery shells into the Seoul area, home to about half of the South's 49 million people, and fires its hundreds of missiles at major cities in the South and Japan.

Yonhap said the South Korean and U.S. military suspected the North was stepping up drills to infiltrate a submarine south of the naval border, hidden among Chinese fishing boats, and wage a surprise attack against the South.

South Korea won't retaliate alone for ship sinking

SEOUL (Reuters) - South Korea on Friday gave the clearest signal to date it had no plan to launch a revenge attack if it turns out, as widely suspected, North Korea sank one of its navy vessels last month near their disputed border.

The reclusive North says it had nothing to do with the downing of the Cheonan, which sank after an explosion, killing 46 sailors. A South Korean military intelligence report leaked to the local media said the North had almost certainly torpedoed the ship.

"Just as the investigation is being conducted with international cooperation, we'll try to cooperate with the international community in taking necessary measures when the results are out," President Lee Myung-bak told a group of visiting foreign journalists.

The issue is a fraught with risks for Lee.

If he were to launch a military attack on his impoverished neighbor, it would be the South that would come off worse, with investors likely to take fright at the threat of conflict across the Cold War's last frontier just as the economy is recovering fast from the global financial crisis.

Lee also needs to prevent turning the emotionally charged affair into a weapon for his political opposition at home ahead of June local elections which could, if his ruling party suffers a serious setback in the polls, damage his authority and ability to push through promised pro-business reforms.

Though the government has faced criticism for being unprepared, most of it so far has been channeled toward the military and the defense minister.

The last part of the wreck is expected to be lifted to the surface this weekend to allow an international team of investigators to find out what actually caused the explosion.

Relations between the two Koreas, still technically at war, have turned increasingly hostile since Lee took office more than two years ago, the North accusing him of deliberately ruining any

chance of peaceful reunification of the peninsula that has been divided for more than half a century.

North Korea said it would seize assets in an east-coast mountain resort just north of the border developed by a South Korean firm and put them under state ownership or sell them to foreign buyers as compensation for lost income.

Tours to the Mount Kumgang resort, which earned Pyongyang tens of millions of dollars a year in hard cash, were suspended in 2008 after a North Korean soldier shot and killed a South Korean tourist who wandered into a restricted area.

Lee this week infuriated the North, whose media routinely describes him as a traitor to Korea and the pawn of a hostile United States, by saying it should stop wasting money on grand displays and spend the money on its near-starving population.

He was referring to last week's huge fireworks display in the capital Pyongyang to mark the anniversary -- called the Day of the Sun -- of the birth of state founder Kim Il-sung, who died in 1994 but is its eternal president with his son the actual ruler.

Lee has ended years of generous aid and announced a plan of massive investment across the border if the North gives up building nuclear weapons -- an offer Pyongyang has rejected out of hand.

Clinton urges N. Korea to avoid provocative actions

TALLINN, April 23 (Reuters) - U.S. Secretary of State Hillary Clinton said on Friday that North Korea should not take provocative actions following allegations it may have sunk a South Korean ship, and should resume talks on ending its nuclear programs.

"We have said time and time again that the North Koreans should not engage in provocative actions, and that they should return to six-party talks," she told reporters at a NATO foreign ministers' meeting in Estonia.

South Korea on Friday gave the clearest signal to date that it had no plan to launch a revenge attack if it turns out, as widely suspected, that North Korea sank one of its navy vessels last month near their disputed border.

The reclusive North says it had nothing to do with the downing of the Cheonan, which sank after an explosion, killing 46 sailors. A South Korean military intelligence report leaked to the local media said the North had almost certainly torpedoed the ship.

"I hope that there is no talk of war, there is no action or miscalculation that could provoke a response that might lead to conflict. That's not in anyone's interests," Clinton added.

"The way to resolve the outstanding differences among not only the North and South Koreans but the neighbors, including ourselves, is to return to the six-party talks framework as soon as possible."

(The Korea Times) Senior Prosecutor Offers to Resign Over Scandal

A senior prosecutor Friday offered to resign after being accused of receiving bribes from a businessman in a massive scandal that implicates dozens of other prosecution officials, Yonhap News reported.

Park Ki-joon, the chief prosecutor at Busan District Prosecutors' Office, still denies the suspicions leveled against him, according to Justice Ministry officials. He said he wanted to "ease the burden" on the prosecution and help the situation to come to a resolution quickly, they said.

It was not immediately clear if his resignation would be accepted.

"It's not appropriate to talk about his resignation," one ministry official said. "We haven't received his letter of resignation yet. If we get it, then we will take time to review whether to accept the resignation."

The weekly investigative news program "PD Notebook," carried by broadcaster MBC, aired a piece Tuesday night on a businessman who showed handwritten records of some 100 prosecution officials he says he bribed since March 1984 when he started running a construction company he inherited from his father in the southern port city of Busan.

The man, his face obscured and identified only by his last name Jung, showed the records containing the time and place that he met the officials, most of whom were once stationed in Busan or nearby district offices, as well as the amount of money given and whether women were hired to provide sexual services.

It is reported that Jung attempted to commit suicide, eating toxic drug.

S. Korea raises warship, finds clues on sinking

SEOUL, April 24 (Reuters) - South Korea on Saturday raised the front half of a warship that exploded and sank a month ago near a contested sea border with North Korea, finding clues that support growing suspicions Pyongyang attacked the vessel.

The 1,200-tonne corvette Cheonan sank in what military officials said was likely a torpedo attack.

Forty-six South Korean sailors were killed in what could be one of the deadliest strikes by Pyongyang on its rival since the end of the 1950-53 Korean War. The North has denied involvement.

South Korea's president on Friday gave the clearest signal yet Seoul had no plan to launch a revenge attack, calming investors worried that armed conflict would damage the South's rapidly recovering economy.

"The probably catastrophic costs of a war on the peninsula will greatly constrain the U.S. and South Korean options for a military response, which thus remains an unlikely trigger for major military conflict," the global strategy group Control Risks wrote in a research note this week.

The front end of the ship was raised by a giant sea crane and drained before being placed on a barge.

One body has been found so far in the just-raised wreckage and six sailors were still missing, Yonhap news agency reported. The bodies of most of the 46 missing were found in the stern section raised earlier this month. Another 58 were rescued alive.

"The way a hatch (near where the ship split in two) had been thrown off its hinge indicates there had been a very strong external impact," Yonhap quoted an unidentified military official as saying, adding weight to the torpedo theory.

A survey team that includes experts from South Korea, the United States and Australia said after the rear of the ship was raised the Cheonan had been destroyed by an external explosion. That stoked suspicions of the torpedo attack in waters where the rival Koreas have had two deadly naval fights in the past decade.

Seoul has said it would issue its final verdict on what caused the ship to sink after it had retrieved the front section but has not given a date for releasing its findings.

The sinking of the ship is fraught with risks for South Korean President Lee Myung-bak, who seeks to calm investors, shake off criticism his government tried to deflect suspicions of links to Pyongyang and faces an angry public seeking vengeance.

Lee also needs to prevent turning the affair into a weapon for his political opposition ahead of June local elections. A serious setback in the polls could damage his authority and ability to push through promised pro-business reforms.

The two Koreas, technically still at war, have more than 1 million troops near their border. The United States has about 28,000 troops in the South to support its military.

North Korea Seizes Part of Resort Operated With South

SEOUL, South Korea — North Korea confiscated five facilities owned by South Korea at a jointly operated mountain resort on Friday, and it called South Korea's president a "traitor" and accused him of defaming the North's most important holiday.

The unilateral seizures and harsh comments were indicative of the tensions that have been rising between the Koreas since a South Korean warship sank in a mysterious explosion on March 26.

Although President Lee Myung-bak of South Korea has not yet blamed the North for the sinking, he has vowed to find the cause of the disaster and he has delivered unusually harsh criticisms of North Korea amid a growing suspicion in the South that the ship may have been hit by a North Korean torpedo.

North Korea has denied any involvement in the sinking, which killed 39 South Korean sailors. Seven seamen are still missing and presumed dead.

"The North must get its senses back," Mr. Lee said this week, discussing what he considered to be a wasteful display of fireworks in the impoverished country on April 15, a national holiday in North Korea. The holiday celebrates the birth of Kim Il-sung, the founder of the modern North Korean state and the father of the current leader, Kim Jong-il.

"Can't they realize how much corn they can buy with the money they spent on the fireworks?" Mr. Lee said.

On Friday, North Korea accused Mr. Lee of meddling with its sacrosanct holiday. Kim Il-sung, memorialized in North Korea as the country's "eternal president," is revered as a demigod among the elite.

North Korea said it was confiscating five buildings at the Diamond Mountain resort — a spa, a cultural center, a fire station, a duty-free shop and a reunion center for families separated by the Korean War — to compensate for the losses it says it has suffered since South Korea suspended tours to the resort, which is in the North.

South Korea has refused to resume the tours until the North agrees to a joint investigation of the shooting death of a South Korean tourist by North Korean soldiers at the resort in 2008.

The Diamond Mountain tour had been a critical source of hard currency for the North.

"This only shows that North Korea is not an entity with which one can do normal commercial deals and business," the South Korean government said Friday in a statement, referring to the confiscations. "We make it clear that North Korea should be held responsible for worsening South-North Korean relations."

North Korea rejected any role in the warship explosion, and a statement carried by its official news agency, K.C.N.A., said the peninsula was now “at the crossroads of a war or peace.”

South Korea opened an international investigation after its 1,200-ton ship sank near the disputed western sea border with the North.

“Just as the investigation is being conducted with international cooperation, so we will try to cooperate with the international community in taking necessary measures when the results are out,” Mr. Lee told a group of visiting foreign journalists on Friday.

“We are focusing on producing results that are thorough, scientific and acceptable to the international community,” Mr. Lee said.

Analysts have suggested various options available to South Korea if the North is found to be responsible, among them a United Nations resolution and sanctions, a suspension of trade relations and aid for the North and attacks on North Korean ships venturing across the disputed sea border.

But if investigators fail to find convincing evidence of North Korean involvement, the analysts said, Mr. Lee will have difficulty persuading other countries, especially China, to take punitive actions against the North, even if many South Koreans are already blaming the North for the sinking.

Economic Front:

Detailed News

(The Korea Times) Korea to Push for FTA With China

President Lee Myung-bak instructed the Cabinet Tuesday to study the possibility of a free trade agreement (FTA) with China, saying as a rapidly growing China changes the landscape of the global economy, South Korea should adapt itself to the shift quickly.

“Stressing that boosting economic ties was crucial for the country's future, Lee told ministers to review the possibility of an FTA,” presidential spokesman Park Sun-kyoo told reporters following Lee's weekly meeting with ministers at Cheong Wa Dae.

“Lee noted that the global economy has become increasingly dependent on China so South Korea should adjust to the changing situation, effectively and flexibly.”

It's the first time that Lee has raised the need for a free trade deal with China although institutes have conducted feasibility studies on an FTA for the past few years.

In 2008, the two governments agreed on the need to push for the trade accord, but negotiations have never taken place partly due to geopolitical concerns over North Korea's nuclear program.

During an interview with The Washington Post in early April, the CEO-turned-President, renewing calls for an early implementation of the FTA between Korea and the United States, said Seoul can push for such a deal with Beijing.

“China's importance in the region is growing rapidly economically and militarily. It is just a matter of time before both sides open FTA negotiations,” Lee said.

“China is the largest trade partner for us. South Korea is an important trade partner for China, too,” Park said. “Lee's emphasis on the Korea-China FTA reflects his willingness to help foster closer economic relations with China.”

The envisioned FTA is expected to top the agenda at Lee's summit with Chinese President Hu Jintao, slated for April 30 in Shanghai. Lee plans to attend the opening ceremony for the Shanghai World Expo.

Earlier, senior economic policymakers said Korea will seek talks on FTAs with China, Japan and other major trading partners, such as Australia, Canada and New Zealand this year

(Reuters) Hyundai Has Prius-Killer in the Works

Hyundai is working on a new hybrid-only model to directly compete against the Toyota Prius. “We are studying a dedicated Prius-fighter vehicle, meaning a hybrid-specific nameplate that isn't based off a Sonata or a Santa Fe,” Miles Johnson, Hyundai product public relations manager, told HybridCars.com. “It's its own thing.”

While Johnson did not confirm a specific production date, he placed the new hybrid-only model ahead of the Hyundai Blue Will plug-in hybrid concept. “We've also been studying plug-in hybrid technology, which is a bit farther out for us. But the near-term would be a Prius-sized vehicle,” Johnson said. “You can look at the dimensions of the Blue Will concept and see it would be a similar package and size to a Prius.”

Automotive News last year reported that the four-door Blue Will will launch in the United States in late 2012, according to Yang Woong-Chul, president of Hyundai-Kia Motors' R&D division. Although the date for the Blue Will plug-in hybrid could easily slip into 2013 or later, the implication is that a new Hyundai hybrid-only model could go into production in the next two years.

Moving Target for Green Top Spot

“A hybrid vehicle usually takes double the time of a standard production car, and a plug-in even more than that,” Johnson said. “Think about how long GM has been spending on the Chevy Volt.

It doesn't happen overnight, but we've got some good partners with LG Chem on the batteries." Johnson downplayed the reality of the Blue Will plug-in hybrid as "just a concept car," but pointed to a Hyundai "Prius-fighter" as more immediate and real. "We have a lot of engineers working quietly behind the scenes. We're really moving as fast as we can." Both projects are being developed at Hyundai's Namyang design center in South Korea.

Honda made its own attempt at knocking the Toyota Prius off the top spot on the green mantle when it introduced the 2010 Honda Insight last year. But the company was not successful. The 2010 Insight is almost a carbon copy of the Prius-but is smaller, uses a less robust hybrid system, and is less fuel efficient and not significantly less expensive.

Hyundai designers took the company's "fluidic sculpture" concept to the extreme on the Blue Will. A Hyundai hybrid-only model would follow the same direction, but toned down.

Hyundai will take a different approach. We can look at the shape and design of the Blue Will-which employs Hyundai's "fluidic sculpture" concept-for cues on the shape of a new Hyundai hybrid-only model. Johnson said the Blue Will was like "fluidic sculpture on steroids." So, tone down all the flourishes and gadgetry to predict the design direction of a new ground-up Hyundai hybrid.

Toyota sells more Priuses than all other hybrids combined. It will be difficult for any other carmaker to pass the Prius strictly in terms of sales, but by the time Hyundai introduces its Prius-fighter, the Toyota Prius might no longer be the green car to beat. The Chevy Volt plug-in hybrid and all-electric Nissan Leaf, which respectively use little or no gasoline, will be in full production next year. In addition, Toyota will be competing against itself for top green honors when it introduces the plug-in version of the Prius in 2012. The key question, of course, is price. It's too early to tell how low Hyundai is willing to price a new hybrid-specific model-but it will have to keep the price tag at \$20,000 or lower if it wants to undercut the red-hot competition for green affordability.

The Highway Hybrid

In terms of technology, a new Prius-like Hyundai likely will follow the direction of the Hyundai Sonata Hybrid, due for release in late 2010. That model uses Hyundai's proprietary full hybrid system with lithium polymer batteries. Great pains were taken to reduce weight and improve aerodynamics in the Sonata Hybrid. An original platform should allow Hyundai to go even further. Moreover, Hyundai is emphasizing efficiency in highway driving instead of city driving.

Some hybrid drivers have been disappointed when real-world mileage does not meet the MPG numbers on the window sticker. Hyundai executives expect to earn customer loyalty by configuring and calibrating its hybrid system to emphasize faster driving, mostly on the highway.

"We're trying to delight our customers so when they see what's on an EPA label on a Hyundai vehicle, that number is actually achievable," said Johnson.

According to the Environmental Protection Agency's most recent fuel economy report, Hyundai is the most fuel-efficient automaker in America. Last year, Hyundai's leadership promised to achieve the government-mandated 2016 fuel efficient standard of 35.5 miles per gallon by 2015 or earlier. "As a company, about five years ago, the chairman came out and said we need to have laser-like focus on quality. We've done that," Johnson said. "Now, you're seeing a new focus on design and the environment."

ANZ considering buying \$4 bln KEB stake

SEOUL/MELBOURNE (Reuters) - Australia and New Zealand Banking Group is preparing to make a bid for Lone Star's LS.UL \$4 billion controlling stake in Korea Exchange Bank, two sources said, as Australia's No.4 lender looks for major deals in its bid to expand.

ANZ (ANZ.AX) is an unexpected contender for South Korea's sixth-biggest lender, which U.S. private equity fund Lone Star bought in 2003 and is seeking to sell after years of delays due to legal debates.

With its sound balance sheet and ambition to grow, ANZ could make a strong bidder for KEB (004940.KS), in what would be South Korea's biggest banking deal to date, and one which would give a foreign buyer a sizeable foothold in Asia's No.4 economy.

"It's the cheapest market for banking still in Asia," said RBS analyst John Buonaccorsi.

"Multiples across the market in Korea are quite low, certainly compared to most of the Southeast Asian markets which have recovered quite strongly in the last 12 or 18 months. That's probably the attraction, and of course the fact that this stake is ... from a reasonably willing seller."

South Korea's banking industry is facing a major landscape change this year with the KEB's sale and the upcoming privatization of state-owned Woori Finance Holdings (053000.KS), the country's No. 3 banking group.

Shares in KEB rose more than 3 percent at one point following the news, as investors have been waiting to see response from potential buyers for the bank. The stock was up 2.2 percent by 0314 GMT, leading the Seoul market's 1.2 percent gain.

Lone Star's 51 percent stake in the bank was worth around 4.54 trillion won (\$4.06 billion) as of Tuesday's closing.

ANZ declined to comment a possible KEB deal but a spokesman said the bank always looks at acquisitions. Lone Star and Korea Exchange Bank declined to comment.

TRANSFORMATIONAL DEAL

ANZ CEO Michael Smith told Reuters in an interview on Tuesday he wanted a transformational deal to catapult the bank into the Asia big league alongside HSBC (HSBA.L)(0005.HK) and Standard Chartered (STAN.L)(2888.HK).

He also said in March that ANZ wants to expand in South Korea and Japan, given the trade flows between Australia and the two countries.

"(But) when you look at the performance of foreign players here, such as HSBC and Standard Chartered, it has not been great," said Daewoo Securities analyst Ku Yong-uk.

"KEB has strength in forex dealings and is using that network in corporate lending, but we don't know if a foreign ownership can maintain the model."

One source close to the matter said on Wednesday ANZ has started preliminary work to bid for the KEB stake but has not yet appointed an adviser.

South Korean news agency Yonhap Infomax reported earlier on Wednesday ANZ was the sole investor so far to respond to teaser letters Lone Star recently sent to potential buyers of KEB and was "aggressive" in seeking the deal.

Credit Suisse (CSGN.VX), which is advising Lone Star, declined to comment on any progress in the deal.

BIDDERS IN THE WINGS

HSBC is another foreign investor being closely watched for a possible bid for KEB after its earlier attempt to buy the South Korean lender failed.

Analysts said ANZ's interest may also prompt potential Korean suitors such as KB Financial Group (105560.KS) to join the race.

"Local banking groups interested in KEB such as KB and Hana may become nervous as foreign rivals emerge, because initially they expected few," said Daewoo's Ku.

Top local lender KB Financial had been considered one of the strongest candidates to acquire KEB but banking sources said the group is now considering a deal with Woori Finance Holdings (053000.KS) instead as the government plans to privatize the state-owned Woori.

Smaller rival Hana Financial Group (086790.KS) is also interested in KEB but does not have enough cash in hands, analysts said.

Lone Star bought KEB for \$1.2 billion and sold down part of its stake in 2007. Its previous attempts to sell KEB -- to Kookmin Bank for \$7.3 billion in 2006 and HSBC for \$6.3 billion in 2008 -- failed due to pricing and legal disputes over the U.S. fund's South Korean activities.

Most of legal issues have since been resolved in court.

Hyundai Profit Jumps Fivefold to Record on New Models (Update1)

April 22 (Bloomberg) -- Hyundai Motor Co., South Korea's largest automaker, said quarterly profit jumped fivefold to a record after an economic recovery and new models spurred demand.

Net income rose to 1.13 trillion won (\$1 billion) in the three months ended March 31, from 225 billion won a year earlier, the Seoul-based carmaker said in an e-mailed statement today. That compares with the 790.3 billion won average of 26 analyst estimates compiled by Bloomberg. Sales gained 40 percent to 8.42 trillion won.

The automaker said revamped Sonata sedans and Tucson sport- utility vehicles lured buyers, helping raise first-quarter vehicle sales 26 percent from a year earlier to 825,100 units. Hyundai also benefited as a strengthening yen hampered Toyota Motor Corp. and Honda Motor Co. in export markets where they compete with the South Korean automaker.

“With a better product portfolio and worldwide recovery in auto demand, Hyundai should continue its earnings and market share expansion,” said Heo Pil Seok, chief executive officer at Midas Asset Management Co., which manages \$2.6 billion. “Its brand and quality is steadily improving, narrowing the gap with leaders like Toyota.”

Hyundai rose 0.4 percent to close at 125,500 won in Seoul trading, compared with the Kospi index's 0.5 percent drop. The stock has advanced 3.7 percent this year after more than tripling in 2009.

Operating profit surged more than fourfold to 702.7 billion won from 153.8 billion won, the statement said.

Gains from Affiliates

The company's factories in China and India as well as other affiliates boosted net income in the past quarter, Hyundai said in the statement.

Affiliates contributed 514 billion won to profit in the past quarter compared with a 15 billion won loss a year earlier, Hyundai said.

Hyundai's global market share for the quarter was 4.8 percent, up from 4.7 percent a year earlier.

Retail sales in its home market increased 30 percent, as the Sonata sedan became the best-selling car in South Korea.

In the U.S., the carmaker raised sales 16 percent in line with the overall industry demand, giving it a market share of 4.4 percent, according to Hyundai. Sales at Toyota climbed 7.2 percent after the Toyota City, Japan-based carmaker recalled more than 8 million vehicles worldwide for defects that may cause unintended acceleration.

European sales at Hyundai rose 25 percent, while sales in India jumped 38 percent. Retail deliveries in China increased 9.9 percent to 123,487 vehicles.

Hyundai also benefited from higher car prices, analysts said. The carmaker increased its average selling price per vehicle 11 percent in South Korea, its most profitable market, according to Yim Eun Young, an analyst at Dongbu Securities Co. in Seoul.

Market Share

The average selling price of cars exported from South Korea rose 13 percent.

Hyundai maintained market share in the U.S. while cutting incentives there to \$1,750 per vehicle in the past quarter, the lowest level since 2003, Yim said.

“We expect Toyota to maintain aggressive incentive policies for the time being,” Lee Won Hee, Hyundai’s chief financial officer told reporters today in Seoul. “Still, we don’t plan to follow the suit. Rather, we’ll increase marketing programs to increase brand value,” he said.

The yen has strengthened 5 percent against the dollar over the past year and is 22 percent higher than three years ago, weighing on Hyundai rivals Toyota, Honda and Nissan Motor Co. Hyundai expects the won’s appreciation against other currencies to be “limited,” CFO Lee said today.

“Although the won is gaining steadily, there’s no imminent threat as long as the currency stays around 1,100 won a dollar level,” Stephen Ahn, head of investment at LIG Investment & Securities Co. “The yen is weakening from the previous peak, but it hasn’t weakened enough to threaten Hyundai’s price competitiveness yet.”

The won fell 0.2 percent to 1,109.65 per dollar as of 2:02 p.m. in Seoul. It has strengthened 4.7 percent this year and touched 1,103.98 earlier today, the strongest level since Sept. 12, 2008.

Hana Fin sees \$900 mln net profit in 2010 -report

SEOUL, April 22 (Reuters) - Hana Financial Group (086790.KS), South Korea's No. 4 banking group, is expected to earn a 1 trillion won (\$903 million) net profit this year, Yonhap news reported on Thursday, up sharply from 306 billion won last year.

"Hana Financial's profits are now back into a normal track," Hana Financial Chairman Kim Seung-yu was quoted as saying.

"We are expecting to post more than 500 billion won profit in the first half and to return to the era of making an annual 1 trillion won net profit this year."

(Bloomberg) LG Display, Hynix, AU Post Higher Profit as Demand Recovers

April 22 (Bloomberg) -- LG Display Co., Hynix Semiconductor Inc. and AU Optronics Corp. reported higher earnings for the past quarter, reflecting a recovery in demand for electronics ranging from televisions to computers.

Rising demand for flat-panel TVs and personal computers drove up prices of liquid-crystal displays and memory chips, helping LG Display, the world's second-largest maker of LCDs, AU, Taiwan's second-ranked manufacturer, and Hynix, the world's No. 2 computer-memory chipmaker, post increased profit in the first quarter.

The Asian companies follow major global technology firms including Intel Corp. and Apple Inc. in reporting higher earnings as shipments of TVs and computers are projected to rise in 2010. The International Monetary Fund yesterday raised its forecast for global growth this year to 4.2 percent, the fastest pace since 2007, led by China.

"The overall tech sector is and will be in really good shape, at least by the first half," said Im Jeong Jae, a fund manager at Shinhan BNP Paribas Asset Management Co. in Seoul, which manages the equivalent to \$27 billion in assets. "Earnings of many companies are beating estimates. That's driven by demand that is showing up ahead of big sporting events."

LG Display's first-quarter net income was 649 billion won (\$586 million), compared with a loss of 347 billion won a year earlier, the Seoul-based company said today. AU, based in Hsinchu, Taiwan, posted a profit of NT\$7.3 billion (\$233 million), compared with a loss a year earlier.

LCD TV Shipments

Global shipments of LCD TVs will rise 24 percent to more than 180 million units in 2010, Austin, Texas-based research firm DisplaySearch said last month. Shipments in China will probably increase 34 percent to 39.2 million sets, according to the research firm.

Prices of most panels used in computer monitors, notebooks and TVs rose in the second half of March from a year earlier, according to Taipei-based researcher WitsView Technology Corp.

"We maintain our bullish view on LG Display and the LCD industry based on our expectation of robust demand momentum and strong panel price trend in 2010," James Kim, a Hong Kong-based analyst at Nomura, wrote in a report last week.

Hynix, based in Ichon, South Korea, posted net income of 817.2 billion won in the three months ended March 31, the biggest since a record in the fourth quarter of 2006. Demand will remain robust throughout the year, driven by strong personal-computer demand, Hynix's Chief Financial Officer Kim Min Chul, said on a conference call today.

Intel, Apple

Intel, the world's largest chipmaker, last week forecast record profit margins for the year and said sales will rise this quarter. Apple's net income almost doubled and sales increased 49 percent, the Cupertino, California-based company said April 20.

Worldwide personal-computer shipments increased 27 percent in the first quarter to 84.3 million units, Stamford, Connecticut-based research firm Gartner Inc. said last week. Gartner said in March global PC shipments will probably grow 20 percent to 366.1 million units this year.

Global revenue for dynamic random access memory, or DRAM, which temporarily holds data and helps computer processors run multiple programs simultaneously, will probably climb 40 percent to \$31.9 billion this year, researcher ISuppli Corp. said in February.

Hitachi Sales

Hitachi Ltd., the world's third-largest maker of hard-disk drives, said today a rebound in demand led sales of the devices to rise 42 percent in the three months ended March 31.

LG Display's shipments in the current period will probably increase by a "low to mid teens percentage" from the previous quarter, while average panel prices are expected to be little changed from \$838 per square meter in the first quarter, the company said today.

LG Display rose 0.5 percent to close at 43,950 won on the Korea Exchange before the company announced results, while Hynix also gained 0.5 percent. The benchmark Kospi stock index lost 0.5 percent.

AU advanced 1 percent to close at NT\$36.35 in Taipei, compared with the 0.2 percent drop in the benchmark Taiex index, while Hitachi climbed 2.3 percent to 403 yen in Tokyo.

Kia Motors' Q1 profit jumps; zooms in on U.S. sales

SEOUL (Reuters) - Quarterly earnings at Kia Motors Corp (000270.KS), South Korea's No. 2 automaker, more than trebled, lifted by strong sales of high-margin upgraded models in the Chinese and U.S. markets.

With its U.S. plant in Georgia kicking off full operation, Kia said on Friday it would continue its aggressive push into the U.S. market with a series of new car launches, including the Sorento R SUV and Soul compact, along with a generous marketing budget.

"Marketing costs will increase now that we are launching a number of new cars in the U.S. market," Jason Lee, Kia's chief financial officer, told a conference with analysts.

"We are not saving advertising budget in the United States because we have to raise our brand image in the short term."

Operating profit at Kia for the January-March period came in at 309.8 billion won (\$279.5 million), compared with the year earlier's 89 billion won and a record 411.8 billion won three months before.

The result broadly met a consensus forecast of 319.5 billion won from 24 analysts surveyed by Thomson Reuters I/B/E/S.

Kia, an affiliate of Hyundai Motor Co (005380.KS), has been churning out a revamped SUV Sportage R and is set to raise its market share with high-margin new line-ups as the global economy recovers.

Sales from its overseas plants in the United States, China and Slovakia almost trebled, led by the Sorento R and K7 sedan.

First-quarter operating margin at Kia grew to 6.4 percent from the year earlier's 2.5 percent, but declined from 7.2 percent three months before.

Its affiliate Hyundai Motors posted a record net profit of 1.1 trillion won on Thursday, driven by strong performance in emerging economies and growing U.S. market share.

Kia said in a statement it expected to raise sales and improve profits after the second quarter by launching new sedans and crossover utility vehicles to meet strong demand..

Kia shares were down 0.6 percent to 26,250 won by 0156 GMT after the results, slightly underperforming the broader market , which edged down 0.3 percent.

Shares in Kia spiked up to a three-year high early this month after jumping a quarter in the first quarter.

LG Display to invest \$226 mln in OLED technology

SEOUL, April 22 (Reuters) - South Korea's LG Display (034220.KS) said on Thursday it would invest 250 billion won (\$225.7 million) to triple capacity of a line producing organic light-emitting diode (OLED) displays.

Technology

OLED displays use organic, or carbon-containing compounds, that emit light when electricity is applied. They produce crisp images and do not need backlighting, making them slimmer and more energy-efficient than liquid crystal display (LCD).

They are mainly used in high-end mobile phones such as smartphones and industry experts expect them to expand to large-sized displays such as flat-screen TVs.

LG Display, the world's No.2 maker of LCD panels, said the investment was part of a drive to boost its new growth engines of OLED, e-paper and solar cells.

LG Display is currently building a new OLED line for production in the third quarter and the new investment will triple production capacity of the line from the second half of next year, it said in a statement.

Samsung Life CEO: it's tough to stop the "Tank"

SEOUL, April 23 (Reuters) - It's tough selling insurance.

It's tougher still floating off chunks of an insurance company when volcanic ash has paralysed global air travel and you're on a whirlwind IPO roadshow through Asia, Europe and the United States.

None of that, though, has stopped Samsung Life Insurance (032830.KS) CEO Lee Soo-chang from pitching shares in his South Korean focused insurer to European and U.S. clients.

Lee, 61 and known as the "Tank" for his "unstoppability", was rewarded on Friday for dodging the air chaos -- he hopped on trains and changed his route plans several times -- as investors warmed to South Korea's biggest offer, which was priced near the top of the range to raise \$4.4 billion.

Even after his global tour, Lee lived up to his monicker, appearing on Friday at Samsung Life's annual awards ceremony for its best marketing staff.

"Working hard is how I stay fit," he wrote on the company website.

For Lee, Samsung Life's listing is not just a share offering but a pivotal event aimed at putting life back into the country's leading life insurer, a long-standing market leader facing increased competition from both foreign and local rivals.

The hard-driving Lee, usually seen in a navy suit, draws his inspiration from sources as diverse as U.S. motivational author Norman Vincent Peale and Go, an ancient Chinese boardgame.

In January, he announced a "Renaissance" programme to take the company back to its dominant position of the 1990s and secure pole position in the emerging corporate pension market.

But Lee wasn't always so relentlessly focused on insurance.

He studied veterinary medicine at South Korea's most prestigious university and dreamt about becoming a lawyer.

He did start off in insurance, though, joining the Samsung conglomerate in 1973, but took a few career detours along the way, working as an executive at Samsung affiliate CJ CheilJedang (097950.KS), a sugar producer, and shipbuilder Samsung Heavy Industries (010140.KS).

Returning to the insurance business in 1993, he fast tracked as CEO of Samsung Fire & Marine Insurance (000810.KS) within 6 years and, in 2006, took over at Samsung Life.

In a message to staff, Lee said he takes his strategic cues from Go, where a player has to fight small battles while keeping a wary eye on the broader war.

In a rare populist move in South Korea's stuffy corporate culture, Lee this month said his 6,300 staff could wear casual clothing to work, though he still wears his suits.

He keeps a close eye on customer relationships, and once told employees that the relationship was like that of plants and the soil. "As plants can't grow without soil, customers are essential for business survival," he said.

Five years ago, he sent a note of thanks to Samsung's 5.7 million customers, a practice that endures today.

Lee also has the backing of Lee Su-bin, 71, company chairman and a dominant figure in the Samsung Group.

A 45-year Samsung Group veteran, Lee Su-bin is among the most senior of the group's presidents and unit chiefs, and hosts the weekly chief executive meetings.

(Bloomberg) Posco Raises Steel Prices as Much as 25% on Costs (Update2)

April 23 (Bloomberg) -- Posco, South Korea's largest steelmaker, will raise product prices by as much as 25 percent from May 3, taking advantage of strong demand from makers of cars and appliances to pass on higher raw material costs.

Asia's third-biggest mill will increase prices for hot-rolled coil by 25 percent to 850,000 won (\$766) a metric ton, and for cold-rolled coil by 23 percent to 965,000 won, according to an e-mailed statement today. Rival Hyundai Steel Co. also announced today it will increase prices by as much as 23 percent.

Posco joins China's Baoshan Iron & Steel Co. in raising prices this week as the global economic recovery accelerates, and mining companies demand as much as a doubling in the prices of iron

ore and coal, used in making steel. ArcelorMittal, the world's biggest steelmaker, said last month prices may need to increase by a fifth to help cover the higher costs.

“We are raising prices because raw material suppliers are demanding price increases of 90 percent to 100 percent for iron ore and coal this year,” Posco said in the statement. “Steel demand from the auto and home appliance industries has shown strong growth.”

Posco dropped 0.4 percent to close at 523,000 won in Seoul. The stock has fallen 15 percent this year, compared with a 3.2 percent rise in the benchmark Kospi index. Hyundai Steel rose 2.8 percent to close at 90,900 won.

Brazil's Vale SA and BHP Billiton Ltd. this year broke with a 40-year custom of selling iron ore on annual contracts, with the Brazilian supplier winning a 90 percent price increase from Japanese mills for quarterly contracts started April 1. Posco said on April 2 it “provisionally” agreed to pay Vale \$110 a ton for the second quarter, an increase of 86 percent.

Higher Sales

Posco said on March 10 its product prices may need to increase by up to 20 percent because of rising raw material costs. The Korean mill on April 13 raised its full-year sales forecast by 8 percent, after posting a more than fourfold jump in first-quarter profit.

Baoshan Steel, China's largest publicly traded steelmaker, this week said it will raise prices of cold-rolled products by 200 yuan (\$29) a ton. Hyundai Steel said it will raise hot-rolled coil prices by 160,000 won a ton to 850,000 won, starting May 1, while reinforcing bars will be increased by 40,000 won to 816,000 won.

Prices of steel plates, used to make hulls of vessels, will rise 9.8 percent to 900,000 won a ton, Posco said. That is the smallest increase among its steel products as shipyards are suffering from a slump in new orders, it said.

Samsung Life prices \$4.4 bln IPO near top of range

SEOUL, April 23 (Reuters) - Samsung Life priced South Korea's biggest IPO, and Asia's second-largest so far this year, near the top of the range on Friday to raise \$4.4 billion, the latest Asian insurer to draw keen investor interest.

The initial public offering by Samsung Life Insurance Co Ltd (032830.KS) follows recent issues by Korea Life (088350.KS) and Japan's Dai-ichi Life Insurance (8750.T), which have performed well since their debuts.

Samsung Life, the country's biggest insurer, priced its offer for 44.4 million shares at 110,000 won each, near the top of the 90,000-115,000 won range, to raise 4.9 trillion won (\$4.41 billion).

"Strong international interest brought the momentum. It was double-digit oversubscription," said a source close to the deal.

Before Samsung closed its book at 0600 GMT, fund managers and sources had expected the offering to price around the mid-point of the range, or slightly above.

"I have to say the final pricing is not that attractive, given there's not much upside potential," said one fund manager. "But this is a very big issue, and you can't ignore it."

The manager said investors probably wouldn't lose money on shares bought at that price, but it didn't leave as much scope for making a profit.

Samsung Life enjoys a long-standing leadership in the local life insurance market, with around a 27 percent market share, but competition has increased in recent years.

A newly opening corporate pension market offers new opportunities for insurers and other financial firms, as regulatory changes unlock massive retirement savings. But this will also stoke competition further.

"Even someone with a pessimistic view on the life insurance market has to buy Samsung Life as it will become a key part of the index and merits passive weighting," said another fund manager.

(Bloomberg) South Korean Jobless Rate to Stay Near 4%, Yim Says (Update2)

April 23 (Bloomberg) -- South Korea's unemployment rate will remain near the March level of 4.1 percent for at least the rest of the year before gradually decreasing to 3 percent, Labor Minister Yim Tae Hee said.

"We are going to deregulate the service industry and increase investment in the service industry," Yim, 53, said in an interview yesterday at Bloomberg News headquarters in New York. "When that takes effect, the unemployment rate will show signs of recovery, but it will not happen in the near future."

President Lee Myung Bak's administration, which faces local elections in June, made job creation a priority and pressed the central bank to keep interest rates at a record-low 2 percent to stoke the economy. Business investment is expected to rebound this year, with the Bank of Korea raising its 2010 economic growth forecast to 5.2 percent, the fastest pace since 2006.

Speaking through an interpreter, Yim said he anticipates unemployment will gradually drop to 3 percent "in line with the global trend" of increased hiring as the recession recedes.

Yim is in the U.S. to attend an April 20-21 meeting of Group of 20 labor ministers in Washington. A former aide to President Lee, he was named labor minister in a cabinet shuffle in September.

South Korea's jobless rate hit a nine-year high of 5 percent in January before sliding to 4.9 percent in February and to 4.1 percent in March. In seasonally adjusted terms, unemployment fell to 3.8 percent last month from 4.4 percent in February and 4.8 percent in January.

Rating Raised

The benchmark Kospi stock index fell 0.1 percent to 1,737.03 in Seoul today. Yields on the benchmark five-year government bonds fell 4 basis points to 4.41 percent, according to Korea Financial Investment Association.

Moody's Investors Service this month increased the nation's credit ratings to A1 from A2, citing accelerating economic growth and a "relatively small" deficit. Exports surged in the first three months, and the central bank forecast the economy probably grew 1.6 percent in the first quarter.

"We are seeing signs of the recovery of the real economy, so the economic situation helped to address the jobs issue," Yim said. "Private business has started to employ people."

Hyundai Motor Co., South Korea's largest automaker, posted record quarterly profit, leading profit rises of LG Display Co. and other exporters.

'Relative Favors'

Korean exporters, the main contributors to the nation's economy, "got relative favors" due to mishaps in neighboring countries, such as Toyota Motor Corp.'s recalls, Yim said.

"As the base for the recovery isn't solid, it's too early to initiate measures to withdraw stimulus packages" implemented to cushion the economy from the global financial crisis, the minister said. It's important for the exit to be coordinated with other countries in order to maintain the momentum of the global recovery, he said.

"If a country takes exit strategies only for its own interests, it could be another shock to the world," Yim said.

A "historic" agreement in February between labor and management to "share pains as we overcome this crisis" also is helping to stabilize the job market, he said. At the same time, the government has pledged to "enhance the social safety net" for workers through job training and unemployment benefits.

A concern, he said, is competition from China and Vietnam in "unskilled manufacturing" sectors such as textiles and shoes. "That is the area where unemployment happens," he said.

Global Brands

Yim said the government will provide vocational training so those workers can shift to “high value-added industries.”

South Korea’s challenge is to develop a more competitive services sector and improve the global brand premium of its smaller companies, Wai Ho Leong, a senior economist at Barclays Capital, said in an April 13 report.

Free trade agreements with the U.S., Asia and the European Union will eventually provide the impetus to open up South Korea’s services economy to competition. Its investments in education and information infrastructure are among the highest among members of the Organisation for Economic Cooperation and Development, the Barclays economist said.

Yim said the government’s main focus is boosting employment in information technology and other knowledge-based industries, rather than traditional manufacturing where labor costs are less competitive than China.

“It won’t be easy for foreigners to build new manufacturing bases in Korea because of relative manpower costs,” Yim said. “We want those who need our qualified human resources and those areas will be information, telecommunication, bio and other service areas.”

To increase South Korea’s attractiveness to investors, the government has provided financial and taxation incentives to investors in services that are similar to aid to investors in manufacturing.

Socio-cultural Front;

Detailed News:

(The Korea Times) Administration of SAT to Be Reinforced in Korea

Korean students will have to deal with tougher administration of the Scholastic Aptitude Test (SAT) starting in May, after a series of irregularities involving the leaking of questions occurred here earlier this year.

The Educational Testing Service (ETS), the United States-based organizer of the test, said Sunday that applicants from Korea, Thailand and Vietnam will be barred from using any kind of electronic devices, including mobile phones at examination sites from next month.

Also they will not be able to change the type of test or their exam site on the day of the test.

The test organizer also decided to separate applicants who are over 22 years old, regarding them as adult applicants; and only passports will be accepted as identification for those who take tests outside their homeland.

The reinforcement of test management came after Korean SAT lecturers were apprehended for leaking test questions.

According to police, the lecturers saved the questions using scientific calculators with storage functions, or by cutting out test sheets.

One also took a SAT from Thailand and sent copies of the questions to Korean students in the U.S. who took the same test, capitalizing on the time difference.

Another "star lecturer" was kidnapped and assaulted by a "hagwon owner" to get him to renew his contract. Later, he was also suspected of leaking test questions and plagiarizing practice questions from U.S. test prep books.

A teacher from a high school in Seoul, which is a test center for the SAT, said the ETS notified him that it would now deliver the test packets only in the morning on the test day - previously they had been sent 20 days prior to the day of the test.

This is to prevent teachers at the test center from leaking questions.

"We guarantee a fair and standardized test for students who studied the right way," an ETS representative said.

Composed of critical reading, mathematics and writing sections, the SAT is the equivalent of the College Scholastic Aptitude Test (CSAT) in Korea.

The test is conducted seven to eight times a year. Some 3 million students apply for the test yearly from around the world.

As many Korean students want to study abroad, private institutions teaching how to obtain good scores on the SAT have prospered in Korea. Some 10,000 Koreans take the test every year.

According to the International Student and Exchange Visitor Program (SEVP), the number of Korean students in the U.S. marked 103,889 in 2009, the second-biggest ethnic group following Chinese students at 118,376.

List of Progressive Teachers Disclosed

A lawmaker disclosed Monday a list of unionized teachers on his homepage, defying a district court ban and causing a huge stir as to the appropriateness of the move.

Rep. Cho Jeon-hyeok of the governing Grand National Party went ahead with unveiling the names and schools of the progressive teachers on www.educho.com.

Cho disclosed the names of 61,273 members of the Korean Teachers and Education Workers Union (KTU) and 160,280 members of the pro-government Korean Federation of Teachers' Associations.

At a press conference, he said there was no legal problem in releasing the list after he consulted with legal experts.

“Parents need to take part in education to reform it and all information should be clearly available to that extent,” Cho said. “Parents have a right to know about teacher's union activities.”

A Seoul district court granted an injunction last week banning making the list public since it might violate the rights of the unionized teachers.

Cho said the court has no basis for prohibiting him from releasing the list. “The reference materials obtained by a lawmaker or the legislature to observe and regulate the government and its jurisdiction are not subject to court injunctions,” he said.

The teachers' union insisted that disclosing the names of its members infringed on their basic human rights.

“Rep. Cho's qualification as an assemblyman is doubtful since he violated a court ruling,” a KTU spokesman said. “We will file for damages against Cho and seek further measures including criminal charges.”

(The Korea Times) Girls Good at Languages, Boys at Math

Girls are better with words and boys are good at calculating. They also study better when separated than in the same classroom, a state-run institute reported Wednesday while announcing an analysis of the nationwide College Scholastic Ability Test (CSAT) results. The test was conducted in November last year with more than 450,000 participants.

According to the Korea Institute for Curriculum and Evaluation, a section of the education ministry, girls outshone boys in the Korean and English languages section, while the latter were better at mathematics.

Coed schools were less effective when it came to academic achievements — they were behind single-sex schools by 5.7 points in the Korean language, 5 in English and 1.9 in mathematics, on average.

Gwangju, a far southwestern city with a population of around one million, was the most impressive as it marked the highest overall average score among local administrations. The lowest was Incheon.

However, students in Seoul nabbed the top ranks in English, where experts assume that the elite private cram schools conducting English immersion classes contributed to the results.

Students from affluent areas such as Gangnam and Seocho in southern Seoul scored exceptionally high, while those living in rural areas were relatively less proficient.

Private school educated students achieved better results than those from public schools, the report noted.

While students from the former scored an average 102 on the Korean language section, those from public schools received 99.7.

The same pattern was seen in math marks, 101.8 to 98.2 and English marks, 102.1 to 98.7. Private schools produced more students with higher grades, while public schools had a larger number of less academic ones.

The report is in line with that for 2008, which showed that private schools, especially foreign language high schools or those in large cities were rated more privileged than others. Civic groups and educational experts have claimed that such an "educational gap" should be narrowed by strengthening teacher training and class activities in public schools.

(The Korea Times) Icelandic Volcano Ash to Reach Korea Today

Ash from the volcanic eruption in Iceland is forecast to reach the Korean Peninsula's atmosphere Tuesday, the weather agency said Monday. However, its impact on respiratory diseases or other health conditions is expected to be minimal.

According to the Korea Meteorological Administration, the volcanic ash from Eyjafjallajokull will enter the atmosphere 6,000 to 8,000 meters above the ground on Tuesday and 3,000 to 5,000 meters above it on Thursday.

"The heavier ash has already been scattered in the European atmosphere and people will not be affected by the micro-scale dust," it said in a press release.

The clouds of ash, on the other hand, have halted flights around the world as most airports in Europe have temporarily shut down. The ash is said to interfere with the jet engines and other critical parts of the airplane.

The eruption caused virtually all airports in England, Scotland, the Netherlands, Belgium, northern France, Poland, the Czech Republic, Sweden, Denmark, Finland and much of Norway, Italy, Bosnia, Croatia and Slovenia to close.

More than 50,000 flights have been canceled in Europe so far and the International Civil Aviation Organization assumes the damage will surpass that following 9/11 in 2001, when all flights to the U.S. were canceled.

International media said the airlines are collectively losing more than \$200 million a day.

Here, a total of 33 flights from Incheon International Airport were canceled over four consecutive days, as more airports in southern European states closed due to the movement of the ash plume.

Foreign passengers have been put up at nearby inns and hotels till relevant flights are available. Those who insisted on waiting inside the airport were provided with blankets, shower facilities, beverages and vouchers for canteens.

"It seems that the suspension of flights will last for longer than we expected," Kim Ki-min, spokesman for the airport, said.

Kim did not give details on the damage the cancellations have caused, but it was evident on Monday as 70 employees from 38 domestic companies couldn't fly over to Germany for the Hanover Messe, an international trade show, held Monday through Friday.

The Korean booth is practically empty, they said. Some other passengers have complained about business emergencies, too.

However, it seems that carriers may face another bump as Icelandic geologists warned about the possible eruption of the Katla volcano in the near future, according to Xinhua News.

"Flights to Europe are unlikely until the end of the month," an Asiana Airlines official said. "We won't resume flights until everything is proved to be safe."

(The Korea Times) Conflicts Expected to Deepen at School

Teachers' Union Will Sue Rep. Cho for Violation of Human Rights

The disclosure of a list of names of progressive teachers is expected to cause conflicts among teachers, students and parents, dividing schools into progressives and conservatives.

Rep. Cho Jeon-hyeok of the governing Grand National Party, Monday, unveiled the names and schools of teachers who are members of the progressive Korean Teachers and Education Workers Union (KTU).

He also disclosed a list of members of the conservative Korea Federation of Teachers' Association (KFTA).

Cho claims that parents have a right to know the political inclination of their children's teachers.

However, teachers' groups are skeptical that the exposure of the lists will be of any benefit to parents and students.

Kim Jae-sup, KTU director, said the information will further divide teachers according to their ideologies and deepen conflicts at schools.

“Our group membership will face biased views. It’s like a witch hunt,” Kim said.

He noted that it will also mislead parents and students. “Parents and students will become prejudiced about teachers. Although a KTU teacher merely delivers knowledge during the class, they might think he or she has some intention behind it,” Kim said.

He added that people might start to relate the performances of schools by connecting it to the number of progressive and conservative teachers on staff there.

Some lawmakers are trying to analyze each school’s results on the state-run tests with the number of KTU membership teachers at the schools, as they believe unionized teachers hamper the academic performance of students.

The local media has already reported that the corruption rate of each school tends to rise in proportion to KFTA membership.

At a press conference Monday, the KTU said it will take legal action against Cho for defaming the union and damaging teachers’ human rights.

“We will take strong legal action, including a collective compensation suit against Cho in the names of more than 1,000 teachers,” KTU Chairman Jeong Jin-hoo said.

The conservative KFTA is also unhappy with the disclosure of the list. They say they don’t understand why Cho released the list after a court already ruled against the disclosure of the information.

“There isn’t much conflict between conservative and progressive teachers in reality. Schools also deal with teachers as individuals instead of viewing them according to which political groups they belong to,” said Kim Dong-seok, KFTA spokesperson. “It could severely hurt relationships and trust among teachers, students and parents.”

He also voiced concerns, saying if one of the union members misbehaves, all of them could be discredited and damaged.

“Rep. Cho could have appealed to the higher court if he didn’t accept the court ruling,” he added.

The conservative KFTA is also cautiously considering taking legal action.

In this regard, the KFTA plans to conduct a survey on the pros and cons of the issue and research cases in other countries. “We have to prove that teachers are defamed due to the disclosure of the list and the information has hurt us. I think this will be very difficult to prove this,” said Kim.

'Old Boys' of Judiciary Circle Accused of Influence-Peddling

A local court is accused of approving the release of two loan sharks arrested for threatening behavior and extortion charges just two days after their arrest.

The two, who were clients of former judges, are suspected of having received special favors in line with the judiciary body’s customary practices to deliver rulings in favor of former judges or “old boys,” the plaintiff claimed.

According to Ceratech, an electronic accessories company, 52-year-old Lee and 44-year-old Moon bought 9 billion won of its bonds with a warrant from the company CEO Song in May last year.

When they failed to raise capital through stock price rigging, the two “investors” threatened to kill Song and snatch a total of 20 billion won from him. It was later revealed that Lee and Moon were closely attached to local gangsters in southern Seoul.

The two were arrested and indicted on charges of threatening behavior last Wednesday, but the Seoul Central District Court granted bail of 200 million won on Friday.

Moon and Lee have hired lawyers who were former chiefs of Seoul Central District Court, the Supreme Prosecutors’ Office and other top legal administrations.

One of the “unofficial” attorneys had served as prosecutor-general, Ceratech said, claiming that the “old boys” peddled their influence with the judges.

“While the plaintiff could suffer from retaliation, the court has let those closely attached to the local crime ring out of prison just because they know the lawyer,” the firm said in a press release.

The court said that Lee and Moon were simple creditors seeking repayment and that it is uncertain whether Song had actually been threatened.

There are still lingering “old customs” of the court handing advantageous rulings for clients of lawyers who retired from the prosecution and bench. This is to secure their living for the first one or two years after retirement, insiders claim. However, the tradition is often abused with judges making biased decisions on certain crimes or wrongdoings.

According to Roh Hoe-chan, the top official of the New Progressive Party’s report in 2007, seven out of the top 10 lawyers with income from criminal cases involving detention were former prosecutors and judges.

The Grand National Party has recently designed a guideline prohibiting ex-prosecutors and judges from opening lawyers' offices next to their former workplaces, in a bid to minimize their influence on their ex-coworkers.

(The Korea Times) Rights Commission Accused of Breaching Human Rights

An employee of the National Human Rights Commission (NHRC) has petitioned against his own employer for infringing on his human rights in the workplace.

"The NHRC is investigating the appeal and there should not be any pressure during the investigation," an official of the NHRC said.

This is the first time an NHRC employee has filed a petition against the committee itself.

The unidentified official claimed that he was discriminated against as a general government employee during the agency's restructuring last year.

He also insisted that some progressive committee members violated his human rights by going beyond their boundaries.

Some regard this as action to put pressure on the progressive commissioners.

"I am not in a position to discuss the petition since the investigation bureau is in charge of it. There is nothing special on the appeal and it will be processed according to the proper procedure," a commissioner targeted in the claim said.

"This petition might make the commission's status and dignity nosedive. I don't understand why the person filed such a complaint," another NHRC official said. "I feel bad that it might bring disgrace to the NHRC."

(New York Times) South Korea Arrests 2 From North in Alleged Assassination Plot

SEOUL, South Korea — South Korean security officials said Wednesday that they had arrested two North Korean agents who had posed as defectors in a plot to assassinate the highest-ranking North Korean defector by slitting his throat.

The defector, Hwang Jang-yop, a former North Korean Workers' Party secretary, has bitterly criticized the North Korean leader, Kim Jong-il, since his defection in 1997. Mr. Hwang tutored Mr. Kim and helped create the country's ruling philosophy of *juche*, or national self-reliance.

Mr. Hwang, now 87, lives at a secret site in South Korea under police protection. He occasionally emerges to give a speech or a lecture, as he did recently in Washington and Tokyo, and his talks are typically replete with biting assessments of Mr. Kim and the North Korean government.

North Korea has called Mr. Hwang a traitor and “human scum.” He has received several death threats, including a package sent anonymously in 2006 that contained an ax stuck to his picture and splashed with red paint. The package was sent to a South Korean radio station that carried Mr. Hwang’s speeches.

On April 5, Uriminzokkiri, a Web site run by the North Korean government, warned Mr. Hwang: “You must not forget that traitors have always been slaughtered with knives.”

The men said to be North Korean agents, identified by officials as Kim Myong-ho and Dong Myong-gwan, arrived in South Korea early this year, traveling through China and Thailand and pretending to be defectors, said Oh Se-in, a deputy chief prosecutor in Seoul who oversaw the investigation with the National Intelligence Service, the main government spy agency.

Each year, thousands of North Koreans arrive in South Korea after fleeing the North.

Mr. Oh said the two agents, both 36, were army majors attached to the General Bureau of Surveillance, the North’s main army intelligence agency. Their mission, he said in a telephone interview, was to track Mr. Hwang’s whereabouts and “cut his throat because he was a thorn in the eye of the North.”

“They said they were ready to commit suicide once their assassination mission was completed,” Mr. Oh said. “This case shows that North Korea is still plotting terrorism while giving lip service to exchanges and cooperation with the South.”

South Korean officials said they caught the men during routine debriefings of defectors from the North. But the formal arrests on Tuesday and the timing of the announcement were notable.

The South Korean authorities briefed local news outlets about the arrests late Tuesday, only hours after President Lee Myung-bak delivered unusually harsh criticisms of North Korea’s leaders. On Wednesday morning, the major South Korean daily newspapers carried nearly identical articles on the arrests.

Opposition politicians raised concerns that the arrests would stir fears of North Korea as a way to rally conservative voters ahead of elections in June. In the past, conservative governments have been accused of stoking such fears during election years. Prosecutors said their investigation had nothing to do with domestic politics.

Suspicion continues to grow that a South Korean Navy ship, which sank near the disputed border with the North, may have been hit by a North Korean torpedo. Mr. Lee tearfully vowed this week to find the cause of the sinking. North Korea has denied any involvement.

The plot against Mr. Hwang, if confirmed, would not be the first such attempt by the North to kill a prominent defector. South Korea said that Lee Han-young, a nephew of a former wife of

Kim Jong-il who defected to Seoul through Switzerland in 1982, was shot and killed by North Korean agents in Seoul in 1997. Mr. Lee was a bitter critic of the North and had revealed embarrassing details about Mr. Kim. During recent lectures and interviews in Washington and Tokyo, Mr. Hwang called Mr. Kim “a dictator 10 times worse than Kim Il-sung,” Mr. Kim’s father and the founder of the modern North Korean state. Mr. Hwang has said the government has abused the principles of the *juche* philosophy and driven the North into isolation and poverty.

“They call me a traitor, but the real traitor is Kim Jong-il, who let his people starve and die,” Mr. Hwang told the Japanese newspaper *Asahi Shimbun*.

In a lecture in Washington on March 31, Mr. Hwang said that Mr. Kim — during a drinking party — once ordered his military to attack a South Korean guard post because he was “bored by the silence along the border,” the South Korean newspaper *JoongAng Ilbo* reported. Such provocations were aimed at increasing Mr. Kim’s leverage in negotiations with the South, Mr. Hwang said.

The case brought fresh attention to the North’s General Bureau of Surveillance, which was created in February 2009 through a merger of three party and military spy agencies. The two agents in custody told prosecutors that the bureau’s chief, Lt. Gen. Kim Yong-chol, personally assigned them to the assassination mission last November.

(New York Times) Can Seoul become the world's most attractive city?

SEOUL (Reuters Life) - Appearances may not be everything, but they're dominating discussions on the future of South Korea's sprawling, 10-million-strong capital Seoul.

Long a domain of excessive concrete and drab apartment blocks, Seoul is embarking on perhaps the most ambitious facelift in its 600-year-history, aimed at catapulting it into the top ranks of global cities in terms of architecture and image.

The International Council of Societies of Industrial Design (ICSID) has praised Seoul's ongoing transformation, naming the city its Global Design Capital for 2010.

But critics wonder at the cost of the change and how much of what distinguishes Seoul will be destined for the wrecking ball.

Seoul Mayor Oh Se-hoon, a telegenic politician up for re-election in June and seen as a possible contender in the 2012 presidential race, has staked his fortunes on the design plans he hopes will bring more business and tourism to the city.

"Cities worldwide are entering an era of competition," Oh told Reuters. "We need to have not only the technological and cost competitive edge, but more than anything, the competitive edge in attractiveness."

Under Oh's watch \$100 million of the city's budget has been dedicated annually to initiatives such as the Han River Renaissance, which has spruced up the river bisecting the capital with dazzling evening light shows and fountain-spouting bridges.

The project will culminate in the construction of an arts facility on a river islet with a massive symphony hall and opera house, capped with an undulating, photovoltaic-ready roof.

Three artificial islands with conference centers are under construction as likely venues for the G20 summit of world leaders, which Seoul is slated to host in November.

North of the river, the city has broken ground on the Dongdaemun Design Plaza and Park, a cobalt-hued, wavelike edifice conceived by celebrated Iraqi-British architect Zaha Hadid that the city hopes to groom into a design industry center.

Elsewhere, renowned architect Daniel Libeskind is designing the "Dreamhub," a mix of commercial and residential space in a cluster of towers that is supposed to evoke an ancient Korean crown, while a separate 640 meter (2,100 ft) skyscraper is in the works not far away that will overlook the Digital Media City, a zone dedicated to technology and digital content companies.

Oh says the initiatives will require investments running into the billions of dollars, but will give the city iconic structures that will define it in the way the Eiffel Tower symbolizes Paris.

"The image of Seoul that we're making will have a tremendous value that can't be completely expressed in numbers," he said.

DESIGN FLOPS?

Critics of the changes point to a plaza in front of an ancient palace not far from Oh's offices in the city center as an example of how easily plans can go awry.

Gwanghwamun Square, a pedestrian plaza that opened last year in the middle of one of Seoul's busiest thoroughfares, has drawn fire from some quarters for being overly landscaped and its incongruous location in the middle of 12 lanes of traffic.

Nearby Pimatgol, a winding back alley of pubs that was a longtime refuge for dissidents and working-class drinkers, has been almost completely razed to make way for office blocks, leading the biggest newspaper, the Chosun Ilbo, to accuse the government of "pulling down living legacies too quickly."

Jo Hyun-shin, a professor at the Graduate School of Techno Design at Seoul's Kookmin University, says much of the controversy surrounding the government's design ideas stem from a lack of consultation, rooted in South Korea's authoritarian past.

"The design policy here always takes place top-down from the government, without any reasonable process, so everything gets swept away without giving anyone time to think about their lives and how they might change," she said.

Conservationists also believe even the limited regulations governing development in the city are loosely followed.

"All too often the city ignores the basic human rights of residents who may be affected by new planning and turns a blind eye to even significant breaches of construction laws," said David Kilburn, founder of Seoul heritage protection organization Kahoidong.com.

As the mayor gears up for a second four-year term in June, his design drive has been seized upon by his political opponents, who have accused him of ignoring more pressing issues like high property prices. But Oh insists this is vital to Seoul's future.

"I believe a city is an organic creature; sometimes you need to change a certain area because you need to improve the living environment," Oh said.

(The Korea Times) Foot-and-Mouth Disease Spreads Across Nation

Foot-and-mouth disease (FMD) appears to be spreading further inland after a new outbreak was confirmed Thursday at a dairy farm in Chungju, North Chungcheong Province, raising concerns that the highly contagious disease will wreak havoc on the nation's livestock industry.

In response, the government has raised its FMD crisis alert to the highest level, vowing to take all possible measures to contain the spread of the outbreak.

"We received a report on a suspected case from a hog farm in Shinni, Chungju, Wednesday, and the pigs tested positive for the disease Thursday," the Ministry of Food, Agriculture, Forestry and Fisheries said.

The farm, 147 kilometers southeast of Seoul, was breeding 1,000 pigs, with some animals showing symptoms such as blisters and scabs on the teats and tongue Wednesday, prompting quarantine officials to seal off the farm and limit the movement of people and vehicles as a precautionary measure.

This is the second outbreak outside Ganghwa Island on the west coast, where five cases were confirmed on April 9 and 10. On April 20, one of the 120 cattle on a farm in Gimpo, about 50 kilometers west of Seoul, developed blisters on its udders and was confirmed to have been infected with the disease that affects all cloven-hoofed animals such as cattle, pigs and deer.

The authorities have made all-out efforts to prevent the disease from spreading inland but the latest outbreak, caused by the "O-type" virus strain, the same type found on Ganghwa Island, indicates that the defensive measures taken by the government have been breached.

"Given Chungju's geographical location and the highly contagious virus found in the pigs, we promptly decided to cull livestock within a 3-kilometer radius of the farm, wider than the standard 500 meters," Vice Minister Ha Young-je said.

Ha also said Agriculture Minister Chang Tae-pyong will head a government response team with all regional administrations at the county and ward level to set up special quarantine task forces to respond quickly to possible future outbreaks. The ministry has also raised the disease crisis level to "red," the highest of four stages, from "orange."

Meanwhile, Prime Minister Chung Un-chan Thursday instructed related ministries to take preventative measures.

"As soon as we receive reports of the suspected cases of foot-and-mouth disease, we will set up a quarantine task force immediately and take all possible measures to prevent the disease spreading. The government will do its best to financially help the affected farms," Chung said.

The latest outbreaks came after Seoul declared that it was clear of the disease on March 23, following the first wave of foot-and-mouth outbreaks this year on Jan. 30.

(The Korea Times) Civic Group Sues 'Sponsored' Prosecutors

A civic group here filed a suit against 57 former and incumbent prosecutors accused of having received money and sexual entertainment as bribes from a businessman.

The People's Solidarity for Participatory Democracy (PSPD) said Thursday that it has reported the so-called "sponsored" prosecutors to the Supreme Prosecutors' Office for criminal proceedings, accusing them of taking bribes in exchange for providing business favors to the jailed head of a construction firm in Busan, the nation's largest port city.

On Tuesday, MBC TV's investigative program "PD Notebook" made public the names and photos of two incumbent senior prosecutors — Park Gi-joon at the Busan Prosecutors' Office and Han Seung-chul at the Supreme Prosecutors' Office — who were on the list.

The one-hour episode of the weekly TV program called the testimony and documents from a 52-year-old man, identified only by his surname Chung, "highly credible."

"Chung's documents prove that many prosecutors have received money and entertainment services from him for many years. Given the huge amounts of money Chung spent to entertain law enforcement officials, they should be indicted for receiving bribes," the civic group said in a statement.

It then urged investigators to get to the bottom of the growing bribery scandal, stressing if sponsored prosecutors go unpunished like in the past, it will tarnish the prosecution's reputation and turn the case into a full-blown catastrophe.

Additionally, the Democratic Party (DP) and other opposition parties said Thursday that a special prosecutor should be appointed to look into the allegations, insisting the investigators themselves are unable and unwilling to fully resolve the scandal.

“The case will fade away from public awareness as time goes by unless the whole truth is faithfully revealed. We think a special prosecutor should be brought in to investigate the incident thoroughly, leaving no doubt,” DP floor leader Lee Kang-rae said.

Lee then said the opposition party does not have faith in an envisioned special investigation unit to be set up by the prosecution. “There were many similar scandals in the past but those who were involved went unpunished because prosecutors were unable to clean up their own mess.”

To head off the rapidly growing public criticism, Prosecutor General Kim Joon-gyu said Wednesday that Supreme Prosecutors’ Office will launch a special investigation into the allegations. “If the report turns out to be true, it’s a disgrace to the prosecution as a whole. We will uncover the truth first and then take appropriate measures,” Kim said.

Justice Minister Lee Kwi-nam also pledged to leave no stone unturned. The latest “sponsorship” scandal involving prosecutors and a businessmen have brought the decades-old dubious practice to public attention once again.

In Korea, history has shown that it is all about who knows who in politics and businesses. It is important for businessmen to build close relationships with those in power, including lawmakers, judges and prosecutors, in order to get things done.

In the same way, people in power, who are mostly employed in the public sector with a small salary, need to know wealthy people who are willing to pay their expenses.

Businessmen provide not only cash, but also lavish entertainment. In return, those who spend billions of won to treat people in power receive business favors.

Experts say the prosecutions’ wielding of “absolute” power is a cause of the repeated bribery scandals. Under the law, a prosecutor has the exclusive right to decide whether to send a case to court. They also exercise huge influence in criminal investigations, with virtually no institution performing checks-and-balances.

For many years, civic activities have said in order to prevent such scandals, the current prosecution system should be overhauled, bringing more outsiders into the ranks of prosecutors and strengthening the organizational transparency. But little progress has been made.

“The best way to prevent such a scandal is to thoroughly investigate the allegations and bring those involved to justice, sending a warning to both prosecutors and businessmen. After filing a complaint with the prosecution, we will wait and see how it handles the matter. If the

investigation is short of our expectations, we will take all possible measures," Lee Jing-young, a PSPD coordinator, said.

(Washington Times) 11 missing after La. oil rig explosion

"Our focus right now is on taking care of the people," he said.

Chief Petty Officer O'Berry said Coast Guard environmental teams were on standby in Morgan City, La., to assess any environmental damage once the fire is out.

According to Transocean's website, the Deepwater Horizon is 396 feet long and 256 feet wide. The semisubmersible rig was built in 2001 by Hyundai Heavy Industries Shipyard in South Korea. The site is known as the Macondo prospect, in 5,000 feet of water.

The rig is designed to operate in water up to 8,000 feet deep and has a maximum drill depth of about 5.5 miles. It can accommodate a crew of up to 130.

A semisubmersible rig is floated to a drilling site. It has pontoons and a column that submerge when flooded with seawater. The rig doesn't touch the sea floor, but sits low in the water, where it is moored by several large anchors.

Last September, the Deepwater Horizon set a world deepwater record when it drilled down just over 35,000 feet at another BP site in the Gulf of Mexico, Mr. Panagos said.

"It's one of the more advanced rigs out there," he said.

Mr. Panagos did not know how much the rig cost to build but said a similar rig today would run \$600 million to \$700 million.

Workers typically spend two weeks on the rig at a time, followed by two weeks off. It is equipped with covered lifeboats with supplies to allow workers to survive for extended periods if they must evacuate.

Total offshore daily production in the Gulf of Mexico is 1.3 million barrels.

Joe Hurt, a regional vice president for the International Association of Drilling Contractors, said working on offshore oil rigs is a dangerous job but has become safer in recent years thanks to enhanced training, improved safety systems and better maintenance.

"In recent years, there's been a lot more money available and more money spent on training and safety," he said.

Transocean has 14 rigs working in the Gulf and 140 worldwide. There are 42 rigs either drilling or doing workovers -- upgrades and maintenance -- in depths of 1,000 feet or greater in the Gulf of Mexico, according to the federal Minerals Management Service.

Since 2001, there have been 69 offshore deaths, 1,349 injuries and 858 fires and explosions in the Gulf, according to the agency, which did not break down the cause of the deaths, the severity of the injuries, or the size of the fires and explosions.

(Bloomberg) South Korea Buys 5,000 Tons of Soybeans for Food in Tender Today

April 22 (Bloomberg) -- Korea Agro-Fisheries Trade Corp., a South Korean state-owned food importer, said it purchased 5,000 metric tons of non-genetically modified soybeans for food production.

The company bought the oilseeds due for arrival in June and July at between \$587.49 a ton and \$595.0 ton on a cost-and- freight basis, according to a notice on the company's Web site today.

(The Korea Times) Animals Banned From Moving Over Disease

The government Friday banned the movement of animals near sites where foot-and-mouth disease outbreaks have been confirmed and increased decontamination efforts to stem the spread of the highly contagious livestock disease.

The heightened effort comes after food-and-mouth disease, first reported earlier in the month on Ganghwa Island and near Gimpo along the west coast, spread to a pig farm in Chungju, about 150 kilometers southeast of Seoul, the farm ministry said.

All farms located within 10 kilometers of the eight contaminated farms will be barred from moving their animals. The government will buy those that cannot be sold at a later date.

Foot-and-mouth disease affects all cloven-hoofed animals such as cattle, pigs, deer and goats, and is classified as a "List A" disease by the Paris-based World Organization for Animal Health.

Japan

Politico-Strategic Front:

Detailed News:

Former state leaders kick off nuclear disarmament summit in Hiroshima

HIROSHIMA (Kyodo) Former government leaders from around the world have opened a plenary meeting of the InterAction Council to debate how nuclear weapons can best be eliminated.

Sam Nunn, former chairman of the U.S. Senate Armed Services Committee, said in a guest speech at the Hiroshima venue that the upcoming conference to review the Nuclear Nonproliferation Treaty must not repeat the failure of the previous meeting in 2005, when it ended without consensus.

Among participants in the InterAction Council are 14 former heads of state, including former Swedish Prime Minister Ingvar Carlsson who serves as cochair with former Canadian Prime Minister Jean Chretien, as well as former Japanese prime ministers Yasuo Fukuda and Tomiichi Murayama.

They will issue a Hiroshima Declaration at the end of the 28th annual meeting, known also as the Old Boys Summit, following closed-door sessions Monday and Tuesday.

Among the former leaders on the original list of participants at the meeting, former Iranian President Seyed Mohammad Khatami was banned from leaving the country last week.

Former Nigerian President Olusegun Obasanjo and three others could not come because of air traffic disruptions across Europe caused by the massive cloud of ash from an Iceland volcano.

Prior to the ceremony, the participants visited Hiroshima Peace Park and listened to the experiences of atomic bomb survivors.

Chretien said he felt anew that further efforts will be needed toward eliminating nuclear weapons.

Foreigner suffrage opponents rally

Conservative politicians express outrage at DPJ plan

Conservative intellectuals and key executives from five political parties were among the thousands who gathered in Tokyo on Saturday to rally against granting foreign residents voting rights for local elections.

Jin Matsubara, a Lower House member from the ruling Democratic Party of Japan, also attended.

According to the organizer, a total of 10,257 people attended the convention at the Nippon Budokan arena in Chiyoda Ward, including representatives of prefectural assemblies and citizens from across the nation.

Oshima, the LDP's No. 2, promised that "in the name of protecting the nation's sovereignty" the largest opposition party would do everything in its power to prevent such a bill from being enacted.

Your Party chief Watanabe accused the DPJ of using the suffrage issue to lure New Komeito, which supports foreigners' local election rights, before the upcoming Upper House election. "This is nothing but an election ploy by the DPJ," he claimed.

In an opening speech preceded by the singing of the "Kimigayo" national anthem, Atsuyuki Sassa, former head of the Cabinet Security Affairs Office and chief organizer of the event, expressed his concern about granting foreigners suffrage.

"I was infuriated when I heard of plans to submit to the Diet a government-sponsored bill giving foreign residents voting rights," he said.

"Our Constitution grants those with Japanese nationality voting rights in return for their obligation to pay taxes," he said. "Granting suffrage to those without Japanese nationality is clearly a mistake in national policy."

Sassa also pointed out that 35 prefectures have adopted statements against granting foreigners suffrage, up from less than half that number in January.

"Our local governments clearly do not desire granting suffrage to foreigners," he said.

DPJ heavyweights Prime Minister Yukio Hatoyama and Secretary General Ichiro Ozawa are advocates of giving foreigners the right to vote at the local level, and the party has been preparing to craft the legislation it has been calling for since the party's launch in 1998.

But the government scrapped a plan to submit the bill during the current Diet session after encountering fierce opposition from the financial services minister.

Taking the podium to a round of applause, Kamei emphasized his party's role in preventing the government from submitting the bill to the Diet, and said that "it was obvious that granting suffrage will destroy Japan."

Kamei, who has in the past argued that giving foreigners voting rights could incite nationalism during polling, went so far as to declare that his party would leave the ruling coalition if the government submitted the bill to the Diet.

Foreign nationals cannot vote in national or local elections, and changing the law has long been a controversial issue, particularly under the administrations of the LDP, whose conservative ranks have argued against granting suffrage, insisting that permanent foreign residents must first become naturalized citizens.

As of the end of 2008, 912,400 foreign nationals were registered with the government as permanent residents. Among them, 420,300 were special permanent residents, including Koreans and Taiwanese who lived in Japan before and during the war and were forced to take Japanese nationality, and their descendants. The remainder are general permanent residents.

(Reuters) Embattled Japan PM's support rate slips further

TOKYO, April 19 (Reuters) - Only a quarter of voters support Japanese Prime Minister Yukio Hatoyama's government, a newspaper poll showed on Monday, as his troubles mount before a mid-year election his party must win to avoid policy deadlock.

Support fell 7 percentage points from last month to 25 percent in a poll by the Asahi Shimbun daily, continuing a slide from an initial high of around 70 percent when Hatoyama took office last September.

A separate poll by the Mainichi Shimbun daily showed support at 33 percent, down 10 points from March.

Hatoyama's Democratic Party took power for the first time last year after winning a general election for parliament's lower house by a landslide, but voter doubts have since grown over the premier's decision-making abilities on the economy and diplomacy.

Around half of voters in the Asahi poll said Hatoyama should resign if he fails to settle a feud with Washington over where to relocate a U.S. military base on Japan's southern Okinawa islands by the end of May, as he has promised.

The percentage of voters who planned to vote for the Democrats in an upcoming election for the upper house fell to 24 percent from 30 percent, the Asahi poll also showed, narrowing a gap with its main opposition rival.

The Democrats need to win an outright majority in the upper house election expected in July to break free of vocal coalition partners that have muddled policy-making as Japan tries to overcome deflation and cut huge public debt.

Japan's opposition Liberal Democrats have called for Hatoyama to resign and a lower house election to be held if he fails to resolve the feud over the U.S. Futenma base by the end of May, and National Strategy Minister Yoshito Sengoku said on Friday that was possible.

On Monday, though, Finance Minister Naoto Kan, who is also deputy premier, told reporters that holding simultaneous elections for the two chambers would be impossible.

Many analysts agreed such a scenario was unlikely given that the Democrats would almost certainly see their huge lower house majority eroded if a general election were held soon.

(Reuters) BOJ's Shirakawa to appear in parliament on Tuesday

TOKYO, April 19 (Reuters) - Bank of Japan (BOJ) Governor Masaaki Shirakawa will appear before a parliamentary committee on Tuesday from 9 a.m. to noon (0000-0300 GMT).

Shirakawa will answer questions from five lawmakers at the lower house financial committee, a parliamentary official said.

(New York Times) Japan: Protest Over Chinese Helicopter

Japanese officials lodged a protest with Beijing on Wednesday over a Chinese helicopter they say flew too close to a Japanese destroyer in the waters off Okinawa, the Foreign Ministry said.

The incident, the second such event this month, took place on Wednesday about 310 miles south of Okinawa, where United States forces are based, the Foreign Ministry said. The earlier incident occurred April 8, when a Chinese helicopter that had taken off from a warship flew near a Japanese destroyer in the East China Sea.

Japan and China have been deepening bilateral ties, but Tokyo has often called for greater transparency in Beijing's military spending.

(Reuters) Counterfeiting treaty, now public, confirms critics' fears

ACTA, the anticounterfeiting trade agreement that has ignited debate over its provisions for clamping down on copyright abuse on the Internet, was made public Wednesday, but the fears it sparked while it was being negotiated secretly will not go away any time soon, according to people in the IT industry, telecom industry and civil liberties groups.

Leaks of the negotiating text that appeared in recent months drew attention to plans to make Internet service providers liable for the content being disseminated on their networks. They also revealed that the ACTA would encourage countries that sign it to impose a graduated response to illegal file-sharing of content such as music and movies.

"Concerns regarding liability provisions remain," said the European Telecommunications Network Operators' Association (ETNO) in a statement Wednesday.

"This agreement exports the strong penalties found in U.S. copyright law without also exporting those essential protections like fair use that provide much-needed balance," said Ed Black, president and CEO of the Computer and Communications Industry Association (CCIA), a trade group including big tech companies such as Google.

"The text has been changed and it's not obvious because there are so many different options covered in this public version, but it does still seem to have the references to third-party liability that were there in the leaked versions," said Joe McNamee, an E.U. affairs expert with the civil liberties group European Digital Rights.

He said that the text also leaves open the possibility for countries to impose a graduated response to copyright abuse. Also known as the "three strike" approach, this would mean that ISPs would

have to warn illegal file-sharers to stop copying music or movies. If the file sharers persist, the ISPs would sever their Internet connection.

Black described the ACTA text as "copyright law on steroids" and warned that it would punish U.S. technology companies seeking to do business outside the U.S.

"ACTA is not a trade agreement. It is an antitrade agreement that closes foreign markets for U.S. tech companies. For 37 years CCIA has been pro trade, and opposing ACTA is pro trade," he said in a statement.

"I am very glad that the E.U. convinced its partners to release the negotiation text," said EU trade commissioner Karel De Gucht. "The text makes clear what ACTA is really about: It will provide our industry and creators with better protection in overseas markets, which is essential for business to thrive. It will not have a negative impact on European citizens," he said.

The countries negotiating the ACTA include the U.S., the E.U., Canada, Japan, South Korea, Australia, New Zealand, Mexico and Switzerland.

The aim is to finalize the treaty this year. The next meeting takes place in Switzerland in June.

Economic Front:

Detailed News:

(Reuters) Mitsubishi Motors: being sued by Egyptian sales firm

TOKYO, April 19 (Reuters) - Japan's Mitsubishi Motors Corp (7211.T) said on Monday that it is being sued by its Egyptian sales firm, which it said is claiming that the automaker is "unfairly" terminating a contract.

The Egyptian company, Masria Co, is seeking 900 million dollars from Mitsubishi unless the contract is extended, the car company said.

(Reuters) Japan's Kan: Japan should aim for 1-2 pct inflation

TOKYO, April 20 (Reuters) - Japanese Finance Minister Naoto Kan said on Tuesday that it is desirable for the government and the Bank of Japan to aim for inflation of 1 to 2 percent when guiding policy.

"The government and the BOJ are basically looking in the same direction... I think it desirable to effectively aim for inflation of 1 percent, or a bit higher, to 2 percent," Kan, who is also deputy prime minister, said in parliament.

Nikkei dips 0.1 percent, charts point to further fall

TOKYO (Reuters) - Japan's Nikkei average dipped 0.1 percent on Tuesday, a day after its biggest percentage loss in two months, with technical charts suggesting it may pull back further in the wake of its recent rally to an 18-month high.

The Nikkei spent much of the day in positive territory, initially getting some respite after Monday's 1.7 percent slide.

But that rise came in low trading volume, a sign the bounce lacked momentum, and the benchmark later gave up its gains.

"There was some selling in futures in 500-contract lots ... That helped drag the Nikkei into negative territory," said Hideki Horikawa, senior adviser at Himawari Securities' investment advisory division.

The Nikkei fell 8.09 points to 10,900.68. The broader Topix index edged up 0.1 percent to 972.11

Trading activity was subdued, with volume on the Tokyo exchange's first section falling to a two-week low of 1.95 billion shares.

Advancing shares outnumbered declining ones by 870 to 646.

Despite the Nikkei's fall, carmakers rose, with Isuzu Motors surging 4.6 percent to 274 yen after it raised its outlook and Suzuki Motor gaining 0.9 percent to 1,946 yen following a report that it plans to boost output in India.

BEARISH TECHNICAL SIGNALS

Market expectations for a sharp improvement in corporate earnings this financial year were seen likely to lend support.

"Corporate earnings are good and you also see stories talking about how they might beat expectations," said Tsutomu Yamada, market analyst at kabu.com Securities.

"It's hard to imagine the market will cool down too rapidly," Yamada said.

The Nikkei fell below its 25-day moving average of around 11,050 this week, however, pointing to the possibility of a further correction in the near term. That came after MACD, another technical indicator, turned bearish last week.

Initial support lies near 10,800, roughly a 38.2 percent retracement of a two-month rally that started in early February and pushed the Nikkei up to an 18-month peak of 11,408.17 in early April. Below that a 50 percent retracement of that same rise lies roughly around 10,600.

The 25-day moving average now serves as resistance, and charts of the Nikkei also show gap between Tuesday's high of 10,999.57 and Friday's low of 11,084.72, meaning levels in between are a resistance area.

With Japanese corporate earnings results set to move into full gear from next week, the market is growing increasingly attentive to earnings reports and forecasts.

Shares of Omron Corp rose 2.2 percent to 2,142 yen after the maker of control equipment for factory lines raised its profit and sales forecasts for the year ended March 31 on improved economic conditions and higher capital spending by its clients.

Omron said it now expects to post an operating profit of 13 billion yen (\$140.6 million) for the year ended March 31, 3 billion yen higher than its previous forecast. It lifted its sales estimate by 1 percent to 524 billion yen.

(New York times) Japan Tries to Face Up to Growing Poverty Problem

Japan — Satomi Sato, a 51-year-old widow, knew she had it tough, raising a teenage daughter on the less than \$17,000 a year she earned from two jobs. Still, she was surprised last autumn when the government announced for the first time an official poverty line — and she was below it.

“I don’t want to use the word poverty, but I’m definitely poor,” said Ms. Sato, who works mornings making boxed lunches and afternoons delivering newspapers. “Poverty is still a very unfamiliar word in Japan.”

After years of economic stagnation and widening income disparities, this once proudly egalitarian nation is belatedly waking up to the fact that it has a large and growing number of poor people. The Labor Ministry’s disclosure in October that almost one in six Japanese, or 20 million people, lived in poverty in 2007 stunned the nation and ignited a debate over possible remedies that has raged ever since.

Many Japanese, who cling to the popular myth that their nation is uniformly middle class, were further shocked to see that Japan’s poverty rate, at 15.7 percent, was close to the Organization for Economic Cooperation and Development’s figure of 17.1 percent in the United States, whose glaring social inequalities have long been viewed with scorn and pity here.

But perhaps just as surprising was the government’s admission that it had been keeping poverty statistics secretly since 1998 while denying there was a problem, despite occasional anecdotal evidence to the contrary. That ended when a left-leaning government led by Prime Minister Yukio Hatoyama replaced the long-governing Liberal Democratic Party last summer with a pledge to force Japan’s legendarily secretive bureaucrats to be more open, particularly about social problems, government officials and poverty experts said.

“The government knew about the poverty problem, but was hiding it,” said Makoto Yuasa, head of the nonprofit Antipoverty Network. “It was afraid to face reality.”

Following an internationally recognized formula, the ministry set the poverty line at about \$22,000 a year for a family of four, half of Japan’s median household income. Researchers estimate that Japan’s poverty rate has doubled since the nation’s real estate and stock markets collapsed in the early 1990s, ushering in two decades of income stagnation and even decline.

The ministry’s announcement helped expose a problem that social workers say is easily overlooked in relatively homogenous Japan, which does not have the high crime rates, urban decay and stark racial divisions of the United States. Experts and social workers say Japan’s poor can be deceptively hard to spot because they try hard to keep up the appearance of middle class comfort.

Few impoverished Japanese seem willing to admit their plight for fear of being stigmatized. While just over half of Japan’s single mothers, like Ms. Sato, are poor — roughly in line with the ratio in the United States — she and her daughter, Mayu, 17, take pains to hide their neediness. They outwardly smile, she said, but “cry on the inside” when friends or relatives talk about vacations, a luxury they cannot afford.

“Saying we’re poor would draw attention, so I’d rather hide it,” said Ms. Sato, who lives in a blocklike public housing project in this small city surrounded by flat, treeless farmland reminiscent of the American Midwest.

She said she had little money even before her husband, a construction machine operator, died of lung cancer three years ago. She said her family’s difficulties began in the late 1990s, when the economic slide worsened here on the northern island of Hokkaido, as it did in much of rural Japan.

Even with two jobs, she says she cannot afford to see a doctor or buy medicine to treat a growing host of health complaints, including sore joints and dizziness. When her daughter needed \$700 to buy school uniforms on entering high school last year, a common requirement here, she saved for it by cutting back to two meals a day.

Poverty experts call Ms. Sato’s case typical. They say more than 80 percent of those living in poverty in Japan are part of the so-called working poor, holding low-wage, temporary jobs with no security and few benefits. They usually have enough money to eat, but not to take part in normal activities, like eating out with friends or seeing a movie.

“Poverty in a prosperous society usually does not mean living in rags on a dirt floor,” said Masami Iwata, a social welfare professor at Japan Women’s University in Tokyo. “These are people with cellphones and cars, but they are cut off from the rest of society.”

Years of deregulation of the labor market and competition with low-wage China have brought a proliferation of such low-paying jobs in Japan, economists say. Compounding matters is the fact that these jobs are largely uncovered by an outdated social safety net, created decades ago as a last resort in an era when most men could expect lifetime jobs.

This has opened up a huge crack through which millions of Japanese have fallen. One was Masami Yokoyama, 60, who lost his lifetime job a decade ago as he struggled with depression after a divorce. He held a series of increasingly low-paying jobs until three years ago, when he ended up homeless on Tokyo's streets.

Still, city welfare officials rejected his application three times because he was still an able-bodied male. "Once you slip in Japan, there is no one to catch your fall," said Mr. Yokoyama, who finally got limited government aid and found part-time work as a night watchman.

Gaining wide attention here are statistics showing that one in seven children lives in poverty, one reason the new government has pledged to offer monthly payments of \$270 per child and to cut the cost of high school education.

Still, social workers say they fear that the poor will not be able to pay for cram schools and other expenses to enable their children to compete in Japan's high-pressure education system, consigning them to a permanent cycle of low-wage work.

"We are at risk of creating a chronic underclass," said Toshihiko Kudo, a board member of Ashinaga, a nonprofit group based in Tokyo that helps poor children and orphans.

Ms. Sato expressed similar fears for her daughter, Mayu. Mayu wants to go to a vocational school to become a voice actress for animation, but Ms. Sato said she could not afford the \$10,000 annual tuition.

Still, she remains outwardly upbeat, if resigned. She said her biggest challenge was having no one to talk to. While she said she was sure that many other families faced a similar plight in this small city, their refusal to admit their poverty made it impossible to find them.

"In bed at night, I think: 'How did I fall so far? How did I get so isolated?'" Ms. Sato said. "But usually, I try not to think about it."

(New York times) Backlash Builds in Japan to New Rules for Banks

As momentum grows in the United States and Europe for tighter regulations on banks, opposition is building in Japan, Hiroko Tabuchi writes in The New York Times.

Financial industry leaders and even regulators argue that proposed measures like stronger bank capital requirements and taxes on financial transactions to curtail risk-taking, as well as new

rules being debated for Wall Street, are overreactions that threaten to derail the global economic recovery.

But their objections are also rooted in fears that tougher rules would make it harder for Japanese banks to expand and compete worldwide at a time when they must look overseas for growth. That seems unfair, they say, considering Japanese banks engaged in few of the risky practices that set off the crisis.

“Japan cannot let this trend become the global standard,” said Hirofumi Gomi, a former Financial Services Agency chief and chairman of the PricewaterhouseCoopers Research Institute in Tokyo.

“The United States, the very origin of the financial crisis, has been burned so badly it is now trying to compensate by overregulating,” he said. “Japan must call for a more measured approach.”

Japanese banks, weakened by a financial crisis of their own in the late 1990s, were largely left behind in the push by Wall Street banks to create and deal in ever more complex securities. They stuck to more conservative investments, taking on lower risks and reaping lower returns than many of their Western counterparts.

As a result, Japanese lenders initially appeared to be shielded from problems related to subprime mortgage lending. In September 2008, as credit markets seized up in the United States, Japanese officials widely referred to the crisis as “the fire on the other shore.” The economy minister at the time, Kaoru Yosano, compared the effects of the crisis on Japan to a bee sting.

Subprime losses at all Japanese banks totaled 1.034 trillion yen, (\$11 billion) at the end of September 2009, government figures show — a fraction of the losses racked up by their counterparts in the United States and Europe. Japan was spared the kind of financial upheaval experienced in the West, although the global downturn hit the Japanese economy hard as exports collapsed and the stock market dropped.

Japanese banks did not need government bailouts, and they took advantage of the turmoil elsewhere: Nomura Holdings, the investment bank, snapped up the Asian, European and Middle Eastern operations of Lehman Brothers for about \$225 million after the firm collapsed in 2008. The Mizuho Financial Group invested \$1.2 billion in Merrill Lynch.

“In Japan, the core group of Japanese lenders continue to operate today,” Richard Folsom, founder of the private equity firm Advantage Partners, said at a symposium on Wednesday. “Compared to other markets, Japan has stayed a constant.”

The relative resilience of Japanese banks through the crisis has emboldened the nation’s banking industry, long considered by analysts as a laggard in financial innovation, to take a stand against

the measures now proposed in the United States and Europe.

This week, the Japanese finance minister, Naoto Kan, denounced plans first floated by Prime Minister Gordon Brown of Britain for a tax on banks to discourage excessive financial risk and generate money for governments to use to shore up the banking system in future crises. Officials in Japan have expressed concerns that too heavy a hand would weigh on banks' bottom lines.

"The E.U.'s debate on the issue doesn't mean that Japan should follow suit," Mr. Kan said Tuesday. "The E.U. and the United States have their own ideas, and Japan has its own." He said, however, that he would be open to "hearing opinions from the United States" at a Group of 20 finance officials' meeting this week in Washington.

Meanwhile, Masayuki Oku, the new head of the Japan Bankers' Association, criticized new bank capital rules proposed by international regulators. In December, the Bank for International Settlements' Basel Committee on Banking Supervision published draft changes that would require that the predominant form of Tier 1 capital — a bank's core capital base — be common shares and retained earnings, in a bid to better buffer against risk.

Analysts say new rules could be more onerous for Japanese banks, partly because they have long counted preferred securities, which combine characteristics of equity and debt, as part of their capital base. The ratings agency Standard & Poor's warned in November that Japan's lenders had some of the lowest capital ratios among major global banks.

"Asian banks, who were in no way responsible for the crisis, have now been drawn into the strengthened regulatory framework," Mr. Oku said Wednesday. "Will we really see results by shrinking finance — the lifeblood of the economy — in the midst of an economic recovery?"

Takafumi Sato, a finance professor at Hitotsubashi University in Tokyo, who was once a commissioner of the Japanese Financial Services Agency, said a one-size-fits-all approach to global capital and liquidity requirements for banks was dangerous and unfair.

"Any global requirement must differentiate between banks exposed to a lot of risk and those that are not," Mr. Sato said. "They must be care not to overregulate banks that are able to properly measure risk, because that would unnecessarily stunt financial activity."

Japanese banks have been preparing for the tougher rules by raising capital. In the last three months of 2009, Nomura raised 435 billion yen in common equity, giving it a Tier 1 capital ratio of 17.8 percent, the bank said.

There is little consensus in Japan over what shape a regulatory overhaul should take. Japanese banking rules are more lax, and regulators are far less powerful than their counterparts at the Securities and Exchange Commission in the United States. The Financial Services Agency in Britain, however, has said it would take steps to require banks to disclose detailed information on

cross-shareholdings. (Traditionally, Japanese lenders and borrowers have held stakes in one another to bolster ties.)

“This is a good chance for Japan to rethink its approach to regulation,” said Tatsuo Uemura, a finance and law professor at Waseda University in Tokyo. “Japan should consider the pros and cons of America’s response, then come up with its own. It should not blindly follow the West.”

(New York Times) Japan Bans Beef Exports

Japanese authorities imposed a temporary ban on beef exports on Tuesday after finding suspected cases of foot-and-mouth disease in cows on a single farm in southern Japan.

The agriculture minister, Hirotaka Akamatsu, told reporters that mouth ulcers, a symptom of the disease, were detected in three cows from the farm in southern Miyazaki prefecture, an area known for its prized beef. The ban affects Japan’s relatively tiny exports — worth about \$40 million last year — of mainly gourmet beef to countries like China and the United States. The agriculture ministry said it would also kill all 16 cows on the farm. The disease, which is not fatal to humans, was last detected in Japan 10 years ago.

(Washington post) Japan's exports rise for 4th straight month

TOKYO -- Japan's exports rose for a fourth straight month in March as a recovering global economy drove demand for the nation's cars and gadgets.

Exports jumped 43.5 percent from a year earlier to 6 trillion yen (\$63.5 billion), the government said Thursday.

The figures offer more evidence that robust growth, particularly in Asia, is feeding a turnaround in the world's second-biggest economy, offsetting weak demand and falling prices at home.

Shipments rose worldwide, with those to Asia up almost 53 percent.

Led by a booming China, the region's robust growth has been key in lifting Japanese corporate profits, factory output and business confidence. The International Monetary Fund forecast Wednesday that China's economy - which has overtaken the U.S. to become the biggest market for Japanese exports - would surge 10 percent this year.

Exports to the U.S. grew 30 percent, and those to the European Union rose 27 percent, the finance ministry said.

Overseas shipments of vehicles more than doubled, while electrical machinery exports were up 43 percent.

Global demand fueled Japan's economy to expand at an annualized pace of 3.8 percent in the October-December period and likely led to another strong showing in the first quarter. Economists have been raising their growth forecasts for the period amid emerging signs that export growth is starting to trickle home.

"The possibility that the economy will experience a double-dip (recession) ... in 2010 now appears extremely unlikely," Kyohei Morita, chief Japan economist at Barclays Capital, said in a report this week. "Instead, the focus has shifted to how broadly the recovery will expand."

Still, momentum in Japan's economy lags far behind its neighbors, and it faces a number of risks in the months ahead. The IMF expects Japan's GDP to grow 2 percent this year but warned of deflation, continued excess capacity and a weak labor market. A strong yen could also dampen the contribution of exports to overall growth, it said in its report.

"As a result, the outlook depends crucially on planned fiscal policy support and the global upturn," the IMF said.

Imports rose 20.7 percent, leading to a trade surplus of 948.9 billion yen (\$10.2 billion) for the month, according to the finance ministry.

Last fiscal year ended March 31, exports tumbled 17.1 percent to 59 trillion yen, while imports slid 25.2 percent. It posted a trade surplus of 5.23 trillion yen, a reversal from the previous year's deficit.

(Reuters) BOJ's Nishimura: signs Japan escaping deflation

SENDAI, Japan, April 21 (Reuters) - Bank of Japan Deputy Governor Kiyohiko Nishimura said on Wednesday there are positive signs that Japan will escape deflation.

Following are key quotes from Nishimura's speech:

DEFLATION

From the speech:

"It can be said that some beams of light are starting to break through a thick cloud of deflation.

"A rule of thumb is that there is about a one-year lag until changes in the economy affect the inflation rate.

"In that sense, it could be said that from the middle of 2009 to the spring of 2010 was a period in which the effects of the (earlier) economic plunge ... put strong downward pressure on prices with a time lag.

"And the effects of the pickup in the economy since the spring of 2009 can be considered to spread over to prices only from now on."

"Of course, there are uncertainties about the outlook for prices ... There are risks both in the direction of deflation and inflation (in overseas economies).

"Consumption of resources and energy in emerging economies has been increasing explosively, which depending on the situation in supplying economies could abruptly push up commodity prices in the future.

"If prices in emerging economies rise due partly to an increase in wages it might spread over to the prices of Japan's import products and others.

"What warrants attention is that the waiving of high school tuition fees has been in effect since April, which is estimated to push down consumer price inflation by around 0.5 percentage point.

"The effects of such one-off factors disappear in 12 months, and thus should be considered separately from the trend change in consumer prices.

"Nevertheless, since the effects will accelerate the apparent pace of price declines for the time being, caution is needed over the possibility that people's views on prices will be affected."

From the news conference:

"At issue is how to change the economy's stagnation which is the fundamental cause of deflation..."

"Our ultimate goal is to overcome the economy's stagnation...Beating stagnation will help solve all problems connected to deflation..."

"It takes time for prices to return to normal after very big shocks, or structural shocks...The current problem of prices is affecting not only Japan but also Europe and the United States."

MONETARY POLICY

From the news conference:

"We will take the necessary steps when needed..."

"We should not have preset ideas about future policy and should explore all possible options available in our tool kit...We have expanded our possibilities and will continue to do so..."

"The current two-pillar policy framework based on our understanding of long-term price stability has responded well to changes in the financial environment.

"But we should change it if improvements are needed. If the environment surrounding prices changes or the global economic conditions change, we will look at expanding our tool kit. It is our responsibility to refine the current mechanism."

From the speech:

"The step (the BOJ took in March) was ... to encourage a decline in longer-term interest rates while coping with the fact that from April onward fund provision through special fund-supplying operations to help corporate financing will decline.

"Some regarded the bank's decision to further ease at a time when the economy had been somewhat improving more than projected as unexpected.

"However, since some time is needed for Japan's economy to return to a sustainable growth path with price stability, we judged it necessary to safeguard the improvements in economic activity and prices through an additional easing measure.

"There's a saying that 'you can lead a horse to water but you can't make it drink'. Put another way, what would happen if you brought an exhausted horse to water at a time when it has somewhat regained strength? We might say the horse is more likely to drink and might start galloping around again.

"So we believe the additional accommodative measure taken by the BOJ this time will contribute to ensuring the improvements in economic activity and prices.

"Since interest rates are already at extremely low levels, scope for a further decline via monetary easing is naturally limited. However, that does not suggest monetary easing has reached its limit.

"It is expected that the economy will continue picking up and companies' rate of return will further improve. In such circumstances, the bank states clearly that it will maintain the extremely accommodative monetary conditions. This means the effects of monetary easing will become further pronounced in the future."

(Reuters) Moody's cuts Toyota rating on recall costs

TOKYO (Reuters) - Moody's cut its credit rating on Toyota Motor Corp (7203.T) by one notch, predicting a long slump in profitability and potential litigation costs for a massive recall that has tarnished the Japanese automaker's brand.

A ratings downgrade could make it more costly for Toyota to secure funding and service its \$36 billion in outstanding debt, most of which matures between 2010 and 2012, according to Thomson Reuters data.

Moody's Investors Service lowered its senior unsecured rating on the world's largest automaker to Aa2, its third-highest ranking, from Aa1. It said the outlook was negative, leaving open the possibility of a further downgrade in the future.

Toyota faces considerable challenges to boosting profitability, including sluggish market conditions, overcapacity and the need to offer unusually large incentives to support sales, Moody's said in a release.

Toyota has recalled more than 8 million vehicles -- most of them in the United States -- and has been penalized by U.S. safety regulators for not acting quickly enough once it identified a defect with its accelerator pedals. Earlier this week, it agreed to pay a record \$16.4 million federal fine for that delay.

Toyota last month began offering unprecedented and profit-sapping incentives in an effort to win back U.S. customers. Analysts expect it to post an operating loss when it reports its fiscal fourth quarter on May 11.

DOWNGRADE PRICED IN

Automakers had their ratings cut last year due to slumping industry-wide demand, but the latest Moody's downgrade is the first by a major ratings agency to hit Toyota since its recall crisis erupted in late January.

Moody's also cited the risk that "product quality problems have eroded significantly and permanently its historical advantages in pricing power" in predicting that profits would not return to a level commensurate with its credit rating until at least 2012.

Additionally, Toyota could face significant costs to settle lawsuits from the recall, Moody's said.

Shares of Toyota closed down 1.4 percent at 3,600 yen, in line with rivals Honda Motor (7267.T) and Nissan (7201.T). While up 13 percent since marking a low for the year on February 4, Toyota's stock has not yet recovered to pre-crisis levels.

"The downgrade is reflecting the concerns market players felt back in January in a delayed manner. I don't expect this to have a significant impact on Toyota shares," said Mitsushige Akino, chief fund manager at Ichiyoshi Investment Management.

Five-year credit default swaps on debt of Toyota were quoted at about 65 basis points, a derivatives trader said, slightly up from about 61 on Wednesday but far narrower than a peak of 290 in March last year.

Credit default swaps are used by investors as a hedge against the risk of a company failing. Spreads on Toyota, which has a healthy balance sheet and ample cash, are relatively small and roughly on par with those on Japan's sovereign debt.

NEGATIVE OUTLOOK

Moody's had knocked Toyota from its top ranking early last year and put it up for further review. Toyota was still just one of seven Japanese companies to carry the second-highest rating of Aa1 before Thursday's downgrade.

Standard & Poor's put Toyota's AA long-term ratings, its third-highest ranking, on watch negative in February for possible downgrade due to the recall. Fitch has placed its ratings on watch as well.

A Toyota spokesman said that the company was placing its greatest focus on regaining the trust of consumers and that it would work toward having its ratings upgraded in the future.

Toyota has estimated costs and lost sales from the recall would total \$2 billion for the past financial year ended in March. But it has not given any estimate of the likely costs to deal with lawsuits brought by drivers.

"In coming years, further impacting profitability, on an extraordinary basis, will be the litigation costs associated with the recall; and while the size of such costs is hard to quantify, they could be material," Moody's said.

Moody's said its rating would be lower if not for the support it could expect to receive from banks and other sources given its status in Japan, where it ranks as one of the largest companies and is a key driver of the economy.

Moody's said that its current rating should also find support from its very strong balance sheet and large liquid reserves, including about 2.5 trillion yen in cash and 3.6 trillion yen in investment securities at the end of last year.

(Reuters) BOJ Shirakawa advocates holistic approach to policy

NEW YORK, April 22 (Reuters) - Japan's central bank governor said on Thursday that too much focus on price stability can lead monetary policymakers to miss important indicators of a coming crisis.

Bank of Japan Governor Masaaki Shirakawa told members of the Economic Club of New York that had Japanese and U.S. central bankers focused on short-term price-stability alone, they would have missed the signs of the recent financial crises in their countries. He added that monetary policymakers should have acted more decisively to curb asset price bubbles in the lead up to the countries' financial crises.

"It has now been acknowledged that the role expected of central banks does not match one-to-one with price stability," Shirakawa said. "Even when prices are stable, the economy can experience huge swings."

(Reuters) Toyota shares extend drop after Moody's downgrade

TOKYO (Reuters) - Shares of Toyota Motor Corp (7203.T) extended losses on Thursday after ratings agency Moody's Investors Service downgraded the automaker to Aa2 from Aa1 and said the rating came with a negative outlook.

Hot Stocks

Toyota shares fell to an intraday low of 3,590 yen for a drop of 1.6 percent on the day, after finishing the morning session down 1.2 percent at 3,605 yen.

Another 34,000 Toyotas recalled

NEW YORK — Toyota Motor Corp. will recall about 34,000 vehicles worldwide — 13,000 Lexus GX 460 sport utility vehicles and 21,000 Land Cruiser Prado cars — to address potential rollover problems stemming from insufficient activation of the vehicle stability control system.

The recall affects all Lexus GX 460 SUVs sold around the world, including about 9,400 units in the United States and 1,000 units each in Russia and Oman.

The Land Cruiser Prados being recalled are among left-hand-drive models, Toyota said. They include 4,400 units in Oman, 4,000 units in Russia and 1,500 units in the United Arab Emirates, it said, adding that no right-hand-drive models are being recalled.

"In circumstances in which advanced driving skills are required . . . the vehicle could slide sideways, due to insufficient activation of the VSC," Toyota said, referring to the vehicle stability control.

The automaker said it will update the VSC program to enhance its effectiveness.

Toyota took the step after U.S. magazine Consumer Reports issued a "Don't buy" warning last week for the Lexus GX 460, saying the vehicle is at risk of rolling over when drivers make turns at high speed. Toyota has since suspended global sales of the SUV.

The VSC system helps control loss of traction in turns as a result of front or rear wheel slippage during cornering, Toyota said.

In a separate statement, Toyota Motor Sales U.S.A. Inc. said all Lexus dealers will have the software update by the end of April and the work will take approximately one hour.

"Our engineers have conducted tests to confirm the VSC performance issue raised by Consumer Reports, and we are confident this VSC software update addresses the concern," Steve St. Angelo, Toyota's chief quality officer for North America, said.

The recall came after Toyota agreed to pay a record \$16.38 million U.S. fine for violations in the previous recall of vehicles with defects tied to sudden acceleration.

The National Highway Traffic Safety Administration levied the fine on Toyota for failing to promptly report flaws with accelerator pedals that led to a recall of 2.3 million vehicles. Toyota denied breaking safety rules in settling the case, and agreed to pay within 30 days.

"I am pleased that Toyota has accepted responsibility for violating its legal obligations to report any defects promptly," Transportation Secretary Ray LaHood said in a statement. "By failing to report known safety problems as it is required to do under the law, Toyota put consumers at risk."

LaHood said April 5 that documents showed the company "knowingly hid" defects tied to unintended acceleration for four months, violating rules that require notification in five days. The fine, which is less than 2 percent of Toyota's projected net income for the year ended March 31, may bolster the case for plaintiffs seeking compensation from the carmaker.

"The fine is coming on top of costs from increased incentives and vehicle testing," said Tatsuya Mizuno, director of Mizuno Credit Advisory. "At this point, there's no telling what will come of the lawsuits."

Socio-cultural Façade;

Detailed News:

***(Washington post)* Whaling commission chairman outlines proposed compromise**

The chairman of the International Whaling Commission offered a compromise proposal Thursday that would authorize commercial hunting for the first time in a quarter-century in exchange for reducing the number of whales killed each year.

A global whaling moratorium took effect in 1986 but three nations -- Japan, Norway and Iceland -- have continued hunting whales in spite of it, killing roughly 1,700 annually in recent years. The U.S. and other anti-whaling countries have sought to strike a deal that would create an international monitoring system to ensure a steadily-declining whale hunt.

Under the new proposal, whalers initially would be permitted to take 400 Antarctic minke whales in the Southern Hemisphere, an area that includes the Southern Ocean Whaling Sanctuary, and that number would fall to 200 over the next decade. Also in the Southern Hemisphere, the number of fin whales that could be taken would start at 10 and decrease to five during the same period.

In the Northern hemisphere, hunters would be permitted to take 120 common minke whales off the coast of Japan for the next 10 years annually, along with 40 common minke whales offshore and 50 sei whales annually.

"Some whaling will be the price to pay for the reduction in the number of whales killed," IWC chair Cristi?n Maquieira said in an interview. "I don't think anybody will be happy with the numbers, but what I'm trying to achieve is a situation where everybody is willing to sit down at the table because they see something there that otherwise they would be unable to obtain."

Maquieira, of Chile, cautioned that details of the proposal could change between now and the IWC's late June meeting in Morocco, where it would need the support of three-quarters of the delegates for passage.

"This is a bet I'm making. This is not a 'take-it-or-leave-it' proposal," he said, adding that he knows the very idea of proposing a resumption of commercial whaling is "a very controversial approach."

Environmental groups are lambasting the plan as a dangerous concession to pro-whaling nations. While some of the species targeted by the three nations, such as common and Antarctic minke whales, are numerous, others are more imperiled, such as fin, humpback and sei whales.

Greenpeace U.S. Oceans Campaigner Phil Kline said it was "outrageous to allow whaling in an internationally-recognized whale sanctuary" in the Southern Ocean. "Saying you are opposed to commercial whaling, but supporting quotas to kill whales is disingenuous and merely political posturing towards Japan. It is also a less than auspicious way to mark the 40th anniversary of Earth Day."

Obama administration officials have not indicated whether they will endorse Maquieira's proposal. "The United States will carefully review the proposal put forward by the Chair and the Vice Chair," said Monica Medina, America's IWC commissioner.

The Japanese government, which continues to hunt whales on the grounds that it constitutes scientific research, did not issue an immediate reaction to the IWC plan.

In an interview this week, Japanese IWC commissioner Joji Morishita said his nation was "engaged in the process" of negotiating a whaling compromise, but would not indicate what precise terms Japan is willing to accept.

(The Japan Times online) Majority don't want to be lay judges

Eighty percent of Japanese people are reluctant or do not want to take part in lay judge trials, a Supreme Court survey showed Friday.

Only 19 percent of respondents said they "would like to participate" in trials. The survey of 2,037 people aged 20 and above was conducted in January and February. Of those surveyed, 2,010 responded.

Of those who were reluctant to serve as lay judges, 76 percent said they would shoulder a heavy burden when deciding the fate of defendants.

Asked about their perception of courts since lay judge trials commenced last August, 64 percent of respondents said they either felt close or slightly closer to the court system.

(The Japan Times) Earth Day Tokyo spreads, celebrates 'green' issues

Worldwide environmental campaign Earth Day 2010 kicked off its Tokyo events Saturday stressing environmental friendliness and food self-sufficiency, as well as celebrating the 40th anniversary of the campaign, which originated in the United States.

Thousands of people came to the 10th Earth Day Tokyo held in Yoyogi Park, enjoying music, joining various environmentally friendly activities and sampling organic foods.

"Self-sufficiency has been a key theme of the event," said Yu Nakajima, director of the Earth Day Tokyo 2010 committee that comprises individuals, companies and nonprofit organizations, adding there are some new features this year.

For instance, huge panels that absorb heat from the sun are situated near the food court, and the energy captured is used to warm water for visitors to wash their dishes with after eating.

Earth Day began in the U.S. in 1970, when Sen. Gaylord Nelson declared April 22 to be Earth Day to raise the public's awareness of environmental issues. Since then, the event has spread worldwide.

Earth Day Tokyo, which runs until Sunday, has become a major event in the capital and is expected to attract more than 150,000 people this year.

"It is a rare opportunity for citizens organizations to appeal to such a huge crowd," said Nakajima.

He added that while Earth Day is just one environmental event, he hopes that people can learn some environmentally friendly steps by attending and incorporate them in their daily lives.

Earth Day Tokyo 2010 staff members encouraged visitors to bring their own dishes to eat food from vendors and to take their waste home with them, trying to achieve the event's "zero trash" goal.

Boost sought for working mothers

The government is aiming for 55 percent of women to continue working after having their first baby by 2020, up from 38 percent in 2005, officials said.

Under the employment policy to be included in its growth strategy, the government will also aim to improve working conditions for women and reinforce growth amid the declining birthrate and graying of society.

The growth strategy is to be compiled by the end of June.

The government will seek to raise the ratio of fathers taking child care leave to 13 percent from 1.23 percent in 2008 and to increase the rate of annual paid holidays taken by employees to 70 percent from 47.4 percent in 2008.

Japan's oldest man celebrates 113th birthday with his family

KYOTO (Kyodo) Jiroemon Kimura, the oldest man in Japan, celebrated his 113th birthday Monday with about a dozen family members at his home in Kyotango, Kyoto Prefecture.

Surrounded by his great-grandchildren and great-great-grandchildren, Kimura finished his festive plate of red rice and grilled sea bream for lunch, and smiled when he was handed a birthday cake.

When he was told that the record for longevity for a Japanese male is 120, Kimura said "it might be a little difficult" to break the record, "but that makes it all the more worthwhile" to try.

Because his lower body has become weak, Kimura tends to lie down more often during the day, but he still manages to eat his meals regularly, according to the family.

He likes to watch sumo matches on TV and his favorite wrestler is grand champion Hakuho because his approach to Japan's national sport is "sincere," he said.

Born on April 19, 1897, Kimura has 25 great-grandchildren and 10 great-great-grandchildren.

Education ministry to review format of national achievement tests

The education ministry will seek the views of local boards of education about how to improve the national achievement test, which this year were conducted under a scaled-back format, officials said Wednesday.

In a survey to be distributed soon, the ministry will ask such questions as why schools that weren't selected did or did not take part voluntarily in the latest test held Tuesday, as well as views about the previous blanket format for the exam and requests for the future, the officials said.

The annual test for elementary school and junior high students covered all schools when it was reinstated in 2007 after a 43-year hiatus, but the current administration has scaled the program back to cut costs.

Although only 30.7 percent of elementary and junior high schools were selected to take part in Tuesday's exam, 13,896, or 61.7 percent, of the schools not selected took part voluntarily, boosting the total rate of participation to 73.5 percent.

Experts have questioned holding the exam every year and why only math and the Japanese language are tested, while critics remain worried that nationwide tests encourage excessive competition between schools and regions.

After getting responses from the local boards, the ministry plans to ask a panel of education experts to discuss a review of the test and come up by summer with an outline of the format for the 2011 academic year onward, the officials said.

'Biggest lesson'

Foreign Minister Katsuya Okada took part in a lesson by high school students about the world's education expenses and Japan's educational aid, held as part of a global advocacy campaign by nongovernmental organizations called "the world's biggest lesson."

"There are so many children in the world who struggle in severe circumstances," Okada told a gathering hosted by an alliance of NGOs offering educational support for children in poor countries. "Japan wants to play a role in efforts to change such a situation."

Okada spoke about his personal experiences of collecting donations to build a school in China and meeting with many children who cannot attend primary school in Myanmar, vowing that Japan will help increase the number of children who can go to school.