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Weekly report on South Korea & Japan

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Wajid Hussain

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Summary of Report

South Korea

Politico-Strategic Front:

South Korean Pastor Faces Arrest for Making Illegal Trip to North Korea A South Korean pastor faces arrest for making an unauthorized trip to North Korea where he criticized his country's president for causing "dark clouds of a war" to hang over the divided peninsula.

Kan Apologizes for Japanese World War II Actions, Doesn't Visit Yasukuni Japanese Prime Minister Naoto Kan apologized for suffering his nation caused in World War II at an annual memorial for the war dead held at Tokyo's Budokan arena. The shrine honors Japan's 2.5 million war dead, including Class A war criminals such as former Prime Minister Hideki Tojo, who was executed in 1948.

(Cyber Space) North Korean Government Turns to Twitter for New Tool to Spread Propaganda North Korea has opened a Twitter Inc. account as the communist country turns to new technology to spread statements denouncing the U.S. and South Korea previously made through state media.

Allies to stage anti-submarine drills in West Sea early Sept South Korea and the U.S. will conduct joint anti-submarine drills in the West Sea early next month, the Pentagon said Wednesday. The exercises are part of a series of drills planned in response to North Korea's torpedoing of the South Korean Navy ship Cheonan, which killed 46 seamen near the West Sea border with the North last March. North Korea and China have opposed the drills.

Seoul pressed to decide on Iran sanctions Time has run out for the government. Seoul is facing increasing requests to make a choice whether or not to join the international effort to put more pressure on Iran for refusing to suspend its nuclear program.

Prosecution to investigate allegations over Roh's account Prosecutors said Thursday they will investigate the allegations that the late former President Roh Moo-hyun had a bank account under an alias, raised by National Police Commissioner-nominee Cho Hyun-oh.

North Korea says consensus with China on nuclear talks North Korea said it has reached a consensus with China concerning the resumption of international talks on ending its nuclear arms program, the North's official news agency reported. China, the North's sole key ally, has urged regional powers to put the March sinking of a South Korean warship behind them and return to the negotiating table to end a cycle of confrontation that has raised tension to new heights.

South Korea-India close to nuke deal South Korea and India appear set to reach an agreement on nuclear energy technology cooperation by the end of the year, South Korean government sources said. South Korea is also seeking to reach a similar agreement with Japan by the end of the year. Sources said South Korea and India reached an agreement in principle at the first round of negotiations held in July. India plans to build 40 or more nuclear reactors by 2032 and South Korea wants to export its light-water reactor technology.

China mum on North Korean fighter jet crash A North Korean MiG-21 fighter jet crashed Tuesday near the village of Songgang on the outskirts of Fushun, in Liaoning province. Roads to the crash site were blocked by police and traffic limited to those on official business.

China Envoy Discusses Nuclear Talks in North Korea China's top envoy to the Korean Peninsula visited North Korea this week and discussed resuming stalled talks on the North's nuclear program amid heightened tensions since the March sinking of a South Korean warship.

Economic Front:

Korea Pension Adds \$300 Million Stake in French Mall to European Portfolio South Korea's National Pension Service said it plans to buy a 51 percent stake in a shopping mall near Paris for about 350 billion won (\$300 million), adding to property investments in London and Berlin.

South Korea Calls for Unity Tax as North Slams Drills South Korean President Lee Myung Bak called for a special tax to cover the costs of eventual Korean unification as North Korea threatened to respond to a U.S.-South Korea military drill with "the severest punishment."

Samsung Heavy Starts Producing 500-Megawatt Wind Turbines in South Korea Samsung Heavy Industries Co. said it has started manufacturing wind turbines in South Korea. The plant has the capacity to produce wind turbines that can generate 500 megawatts annually, the Seoul-based company said in an e-mailed statement today.

Samsung Everywhere in Korean Smartphone Blitz: Rich Jaroslovsky In technology, there's a lot to be said for being everywhere. Just ask Google Inc., which has managed to grab 13 percent of the smartphone market in a year and spawn a flood of increasingly polished devices by giving away its Android operating system.

Korail ousts Samsung from Yongsan project Korail demanded Thursday that Samsung Construction and Trade (C&T), the leader of the consortium of builders for the Yongsan development project, voluntarily pull out of the stalled scheme if the company is unwilling to normalize it. The state-run rail operator also said it will soon select a new lead builder to replace Samsung. But it said it has no intention to exercise its right to nullify the development contract with the construction arm of Korea's largest business group.

Expanding Middle Class to Help Cut Asia's Dependence on Exports, ADB Says Asia's expanding middle class is likely to boost domestic spending and reduce the region's dependence on exports, helping shield it from global economic crises, the Asian Development Bank said.

Korea National Is Said to Make Hostile \$2.7 Billion Bid for Dana Petroleum Korea National Oil Corp. plans to make a hostile 1.7 billion-pound (\$2.7 billion) bid for U.K. explorer Dana Petroleum Plc after its takeover offer was rejected, said a person with direct knowledge of the matter.

Imports of S. Korean bluefin tuna a blow to moves to protect the fish Surging imports of bluefin tuna from South Korea are threatening to undermine Tokyo's efforts to preserve fish stocks amid international concerns that overfishing is pushing the species to extinction. Even though Japan accounts for about 80 percent of global consumption of bluefin tuna, it has taken steps to limit its own hauls. Bluefin tuna is highly coveted in Japan as the definitive fish for sushi.

Social Front:

Fake marriage used to get citizenship here Fake marriage is emerging as a vehicle ineligible foreigners use to get legal residential status here, challenging the most popular method of document fabrication. Some men have been accused of luring mentally-challenged Koreans to pursue their "Korean dream" or even committing bigamy getting married to a Korean with their first spouse being in their homeland.

Seoul population up 4.3 times over 50 years The population of Seoul increased 4.3 times and the size of the capital has doubled over the last half a century, the Seoul Metropolitan Government (SMG) said in a report Wednesday. Seoul City, which has released an annual statistical report since 1961, published the 2010 edition, covering the last 50 years of development in the capital.

76% of female workers sexually harassed Nearly eight in 10 female salaried workers said they have experienced sexual harassment in the workplace, mostly by male superiors, a survey found Wednesday. Two out of every 10 male employees also said they were sexually harassed at least once.

Grandson of Samsung founder commits suicide A grandson of Samsung Group founder Lee Byung-chul was found dead in an apparent suicide in Seoul, police said Wednesday, becoming the second person in the family to kill themselves. The body of Lee Jae-chan, 46, was found at his apartment's outdoor parking lot in Yongsan at around by 7 a.m. by an apartment manager, police said. His neighbors suspect he struggled with depression

Japan

Politico-Strategic Front:

Kan Apologizes for Japanese World War II Actions, Doesn't Visit Yasukuni Japanese Prime Minister Naoto Kan apologized for suffering his nation caused in World War II at an annual memorial for the war dead held at Tokyo's Budokan arena.

Two marines arrested in Okinawa A 19-year-old U.S. Marine has been arrested on suspicion of stealing and a 33-year-old U.S. airman for an alleged traffic violation in separate cases in Okinawa Prefecture, the police said Sunday.

Politicians to return ¥48 million All 59 newly elected members of the Upper House have offered to give back part of their salaries for the month of July covering the days before they began working as lawmakers, the chamber's secretariat said.

Flickers of hope for nuke abolitionists Cause growing but 'realists' still hold upper hand; In Hiroshima, this place where a fearful age was born one fiery instant 65 years ago, the Flame of Peace still flickers on, awaiting the day when the world is rid of nuclear weapons. Many believe that day may be approaching.

Japanese hostage freed in Colombia A 68-year-old Japanese man kidnapped in March by leftist guerrillas in Colombia was freed after a fierce gun battle and aerial bombardment Sunday. Police rescued Masao Tsutsui, who runs a horticulture operation, following an assault on a hideout of the Revolutionary Armed Forces of Colombia (FARC).

Kan happy to keep Ozawa out in cold As veteran politician Ichiro Ozawa apparently maneuvers to make a political comeback, Prime Minister Naoto Kan seems just as determined to thwart it. Kan, 63, had made clear he will not reinstate Ozawa, 68, to his old post of secretary-general of the Democratic Party of Japan if he wins the party's leadership election next month, sources said Monday.

Prime minister's job taken lightly Chinese writer Yang Yi, who won the prestigious Akutagawa Prize in 2008 for a novel she wrote in Japanese, considers Japan a "mature" nation for having ruling and opposition parties that check each other. But she says she is surprised to find the prime minister's post taken so lightly.

Economic Front

Nearly 80% of firms predict slowdown: poll. Nearly 80 percent of 107 major companies expect Japan's economy to weaken soon, although 70 percent see it expanding at the moment, a survey said Sunday. Concern about economic trends in the United States, Europe and China, and

the appreciation of the yen are among the factors being blamed for the gloomy near-term outlook in Japan, the Kyodo News survey said.

South Korea to surpass Japan in average income by 2031 South Korea will surpass Japan in economic output per capita in 2031, a major international economics organization said Friday. IHS Global Insight said that GDP per capita in Korea will reach \$72,432 in 2031, exceeding Japan's \$71,788.

South Korea-Overtaking Japan for the first time in 211 years According to the Groningen Growth and Development Centre of Groningen University in the Netherlands, which calculates historical economic indicators, Japan's per capita GDP in 1700 was \$570 based on purchasing power parity.

Japan's unadjusted Q2 GDP less than China's—government Japan's second-quarter GDP was less than China's before seasonal adjustments, government data showed on Monday, underscoring expectations that China will overtake Japan as the world's second-largest economy this year. Japan's second-quarter unadjusted GDP totaled \$1.2883 trillion on a nominal dollar basis, against China's second-quarter unadjusted GDP of \$1.3369 trillion, an estimate by Japan's Cabinet Office showed.

FTA with India on track by year's end Japan and India are expected to reach a free-trade agreement by the end of this year, sources said Tuesday. It will mark the 12th such trade deal for Japan and the first since the Democratic Party of Japan-led coalition took power last year.

Pre-'45 posts accounts top ¥4 billion 19 million from war zones yet to claim savings; Japan Post Bank Co. is holding about ¥4.3 billion, including accrued interest, in nearly 19 million unclaimed savings accounts that were established in Japanese-administered territories up until 1945, sources said Wednesday.

GDP growth slows; new strategies needed The pace of recovery of the Japanese economy slowed substantially in the April-June period, dragged down by lackluster consumer spending. The growth of gross domestic product, released by the Cabinet Office on Monday, was an annualized 0.4 percent during the quarter, far smaller than forecasts by private research institutes. Preliminary figures showed that consumer spending, which accounts for nearly 60 percent of the GDP, has drastically slowed.

BOJ May Expand Corporate Loan Program to Help Weaken Yen, Sankei Reports The Bank of Japan may expand a bank lending program to lower interest rates and help weaken the yen, the Sankei newspaper reported, without saying where it got the information. The central bank may increase the credit facility for lenders to 30 trillion yen (\$351 billion) from 20 trillion yen, the newspaper said. The duration of the loans may also be increased to six months from three months, possibly at an emergency policy meeting before Prime Minister Naoto Kan meets BOJ Governor Masaaki Shirakawa next week, the report said.

Mazda to recall 500,000 cars for power-steering flaw Mazda Motor Corp (7261.T) expects to recall more than half a million vehicles worldwide due to power-steering flaws, a company spokesman said, its largest recall ever as Japanese carmakers come under rising scrutiny for quality problems.

Japan govt to extend housing loan scheme – Nikkei Japan's government will likely extend a low-interest, fixed-rate housing loan scheme by 15 months to help support the economy, the Nikkei business daily reported on Thursday, citing a source at the Land and Infrastructure Ministry.

Sony unit offers to buy MBK Taiwan TV firm: report So-Net, the Internet unit of Japan's Sony Corp (6758.T), is offering T\$6 billion (\$188 million) for a Taiwan cable TV firm being sold by private equity firm MBK Partners, Taiwan's Commercial Times reported on Thursday. Gala TV and So-Net's Taiwan office declined to comment, the paper said

Marubeni, International Power to Open \$2.8 Billion U.A.E. Plant This Year Fujairah Asia Power Co., partly owned by International Power Plc of Britain and Japan's Marubeni Corp., plans later this year to open a \$2.8 billion power plant in the United Arab Emirates that will supply the world's third- largest port for refueling ships.

Mitsui Says Brazil Bullet-Train Auction Should Be Delayed, Seeks Partners Mitsui & Co., the company coordinating a Japanese group interested in bidding for the license to build and operate a high-speed train in Brazil, sees geological and demand risks in the project and said “ideally” the auction should be postponed.

Honda's Dream of U.S. Production Protects Profits as Yen Surges Honda Motor Co. became the first Japanese automaker to build cars in the U.S. 28 years ago in part to fulfill a long-held goal of founder Soichiro Honda. The company's success in shifting production is shielding profits from the yen's advance to a 15-year high against the dollar.

Social Front:

Kyoto may ban child porn outright The Kyoto Prefectural Government will launch a study with an eye to adopting an ordinance to step up regulations against child pornography, including banning the possession of pornographic images of children, local government officials said. The local government will set up a panel of lawyers, education officials, Internet service providers and other experts to soon study the planned ordinance, with a view to adopting it during fiscal 2011, which starts next April, the officials said Friday.

Cities lay on feasts for storks and ibises Local governments have launched a drive to create natural habitats for oriental storks and Japanese crested ibises, ahead of their release into the wild. The two bird species, which are both designated as special natural treasures, feed on loaches, frogs and insects living in areas with shallow water such as rice paddies and swamps.

'Pink Panther' fugitive in Tokyo jail for Ginza heist A Montenegrin member of the "Pink Panther" ring of thieves is now in custody in Tokyo in connection with a 2007 robbery at a Ginza jewelry shop, after being extradited from Spain, sources at the Metropolitan Police Department said.

Japan to join Hague child-custody treaty in '11 Move to return 'abducted' kids to home countries; Japan will become a party to a global treaty on child custody as early as next year amid growing calls abroad for Tokyo to join it and help resolve custody problems resulting from failed international marriages, government sources said Saturday.

Labor Ministry to Expand Employment Program for New Graduates, Nikkei Says Japan's Labor Ministry plans to expand an employment assistance program for new graduates to more than 10,000 individuals a year from 2,400 currently, Nikkei English News said, without citing anyone.

Medical expenses rise to new high Medical expenses climbed 3.5 percent to a record ¥35.3 trillion in the year ended in March, the seventh consecutive annual increase, the government said Monday. The medical expenses of people aged 70 or older came to ¥15.5 trillion, accounting for 44 percent of the total, the Health, Labor and Welfare Ministry said.

Heatstroke death toll rises to 132 31,579 rushed to hospitals nationwide since end of May, The number of heatstroke victims rushed to hospitals between May 31 and Sunday totaled 31,579 nationwide, the Fire and Disaster Management Agency said Tuesday. Among them, 132 people died of heatstroke shortly after being hospitalized, according to the agency's preliminary report.

2030 traffic projection cut 4.8% The transport ministry's projected volume of road traffic nationwide for 2030 has dropped 4.8 percent from a forecast released in November 2008 due to a new modeling method, it was learned Tuesday. The reduction, coupled with falling revenues for public works projects, is likely to lead to scaled-back plans for new roads.

'Anime' fans flock to aging Shiga school A closed elementary school in the town of Toyosato, Shiga Prefecture, once on the verge of being demolished is now drawing hordes of fans who believe the historic structure is the model for a school in an "anime" story.

South Korea

Detailed Report:

Politico-strategic Front:

South Korean Pastor Faces Arrest for Making Illegal Trip to North Korea

By Bomi Lim - Fri Aug 13 04:33:46 GMT 2010

A South Korean pastor faces arrest for making an unauthorized trip to North Korea where he criticized his country's president for causing "dark clouds of a war" to hang over the divided peninsula.

Prosecutors have issued an arrest warrant for Rev. Han Sang Ryol ahead of his scheduled return to South Korea on Aug. 15, Unification Ministry spokesman Chun Hae Sung told reporters today in Seoul. Han didn't seek government approval for the two-month trip to North Korea as required by law for South Koreans, Chun said.

The case illustrates the gap in South Korea between those who view North Korea as responsible for rising tensions and those who blame their own country. The sinking of the South Korean warship Cheonan in March widened the schism, with almost one in four people saying they didn't trust a report blaming the attack on North Korea, according to a Hankook Ilbo newspaper poll on May 24.

"The Cheonan case helped solidify a division," said Paik Hak Soon, director of inter-Korean relations at the Sejong Institute in Seongnam, South Korea. There are "South Koreans who have learned to co-exist with North Koreans as brothers and those who have become more certain the North is a clear enemy."

South Korea's President Lee Myung Bak in May raised concern about his people's lax awareness of security threats posed by North Korea, once branded the "main enemy" before the term was officially dropped in 2004 under the "Sunshine Policy" of engagement.

Cut Trade

South Korea in May cut trade with North Korea and banned its citizens from traveling across the border except for employees at a jointly run industrial complex in Gaeseong. South Korea also ended a six-year moratorium on propaganda, starting to air radio broadcasts extolling capitalism and democracy into North Korea.

North Korea's Red Cross sent a letter to its South Korean counterpart on Aug. 11 urging the group to ensure Han's safety when he returns through the border village of Panmunjom.

Crossing the border through the Panmunjom itself is also illegal as civilians need to get clearance at designated check points, Chun said.

“The Lee administration should use Rev. Han’s North Korea visit as an opportunity to improve relations with North Korea instead of trying to interpret it as a legal issue,” said Chang Dae Hyun, a spokesman for the Korea Alliance of Progressive Movements, where Han works as an adviser. “Rev. Han’s only aim was to help find a breakthrough in the chilled inter-Korean relations.”

Dark Clouds

“Dark clouds of a war are gathering to hang on this land,” Han said on June 22 at a news conference in Pyongyang, according to North Korea’s state-run Korean Central News Agency. The Lee administration is “committing anti-reunification and treacherous crimes by cutting off inter-Korean relations,” Han was quoted as saying.

Han also accused Lee of conspiring with the U.S. to falsely accuse North Korea of sinking the Cheonan, KCNA said.

Han, extolled by North Korea’s media as a “pro- reunification champion,” acknowledged on June 23 he risked being imprisoned by coming to North Korea illegally because of his “desire to contribute to peaceful reunification,” KCNA said. Since his arrival in Pyongyang on June 12, Han has visited churches, factories, and cooperative farms throughout the country, as well as Kim’s legendary birthplace at Mt. Paektu at the border with China, according to KCNA reports.

The 2000 summit between then South Korean President Kim Dae Jung and North Korea’s Kim Jong Il ushered in an era of exchange between the two countries that were at war between 1950 and 1953. The first leaders’ meeting, which helped Kim Dae Jung win the Nobel Peace Prize that year, resulted in a number of joint economic projects and increased visits and trade.

Hard Line

Inter-Korean trade peaked at \$1.8 billion in 2008, when Lee took office, according to data from the Seoul-based trade agency, Kotra. Lee adopted a more hard-line policy toward the North, saying the South’s cash support of the past two administrations may have helped Kim Jong Il make nuclear arms. Kim’s regime conducted its first nuclear test in 2006 and detonated another atomic device in 2009.

“Most Koreans go about their everyday lives without even realizing that the North has long-range artillery aimed at the South just 70 kilometers away,” Lee said on May 4 as he convened an unprecedented meeting with top military commanders. “The sinking of the Cheonan serves as a clear reminder of that reality.”

Kan Apologizes for Japanese World War II Actions, Doesn't Visit Yasukuni

By Yasuhiko Seki - Sun Aug 15 07:33:00 GMT 2010

Japanese Prime Minister Naoto Kan apologized for suffering his nation caused in World War II at an annual memorial for the war dead held at Tokyo's Budokan arena.

Kan did not attend a ceremony held at Yasukuni Shrine, a memorial that some in China and South Korea have said glorifies Japan's militarist era. "We inflicted significant damage and pain on many countries during the war, on the people of Asian countries in particular," he said at Budokan.

"We deeply regret that, and we extend our sincere condolence to those who suffered and their families," Kan said yesterday, the 65th anniversary of the end of World War II. "We herewith promise to make our utmost efforts to achieve eternal global peace and to never again repeat the horror of war."

The prime minister's apology and decision to skip the Yasukuni ceremony may help improve bilateral ties in the region. Chinese Foreign Ministry spokeswoman Jiang Yu last year said Yasukuni was "a major politically sensitive issue in Japan- China relations."

Sadakazu Tanigaki, leader of the opposition Liberal Democratic Party, which ruled Japan throughout most of the postwar era, and some colleagues visited Yasukuni today, Kyodo News reported.

The shrine honors Japan's 2.5 million war dead, including Class A war criminals such as former Prime Minister Hideki Tojo, who was executed in 1948.

(Cyber Space) North Korean Government Turns to Twitter for New Tool to Spread Propaganda

By Bomi Lim - Mon Aug 16 04:28:35 GMT 2010

North Korea has opened a Twitter Inc. account as the communist country turns to new technology to spread statements denouncing the U.S. and South Korea previously made through state media.

Under the name "uriminzok," meaning "our people," North Korea has posted eight messages since Aug. 12 with links to a website run by the state-run Committee for the Peaceful Reunification of Korea which is banned in the South. The Twitter account, identified as being located in the capital of Pyongyang, has more than 550 followers.

The latest posting, titled "A message to all Koreans," called on the South and the North to unite against a U.S. attempt to start a nuclear war on the peninsula. Another message condemned

South Korean President Lee Myung Bak for conspiring with the U.S. to blame North Korea for the March 26 sinking of the warship Cheonan, which killed 46 sailors.

North Korea's reclusive regime typically uses its state-run Korean Central News Agency, which can be monitored by foreign media, to make statements to the outside world.

Venezuela's socialist President Hugo Chavez, who has also opened a Twitter account, on July 21 called on his followers to use new technology to spread socialist ideas.

South Korea and North Korea remain divided after their 1950-53 war ended in a cease-fire.

Allies to stage anti-submarine drills in West Sea early Sept.

South Korea and the U.S. will conduct joint anti-submarine drills in the West Sea early next month, the Pentagon said Wednesday.

The exercises are part of a series of drills planned in response to North Korea's torpedoing of the South Korean Navy ship Cheonan, which killed 46 seamen near the West Sea border with the North last March.

North Korea and China have opposed the drills.

"As we said during Secretary Gates' and Secretary Clinton's meetings with their South Korean counterparts last month, the U.S. and ROK will conduct a series of exercises that are defensive in nature and designed to send a clear message of deterrence to North Korea," said Mark Ballesteros, spokesman in charge of Asian and Pacific affairs.

The aircraft carrier USS George Washington participated in the first joint drills in the East Sea late last month after the ship sinking. On Monday the two allies began an 11-day computer-simulation drill.

"The next exercise in that series, which will focus on anti-submarine warfare tactics, techniques and procedures, will be conducted in the waters off the west coast of the Korean Peninsula and begin early next month," Ballesteros said. "The exercise is still in its planning stages, so more details will be forthcoming as to its scope and specific ships that will be involved."

Seoul pressed to decide on Iran sanctions

By Kang Hyun-kyung

Time has run out for the government. Seoul is facing increasing requests to make a choice whether or not to join the international effort to put more pressure on Iran for refusing to suspend its nuclear program.

In response, the government will activate an inter-ministerial task force to discuss ways to handle Washington's repeated requests to impose bilateral sanctions on Iranian entities having been involved in nuclear proliferation.

The reaction came a day after the U.S. Department of Treasury unveiled the Iranian Financial Sanctions Regulations aimed to implement subsections of the Comprehensive Iran Sanctions, Accountability and Divestment Act of 2010 (CISADA).

Under the regulations, the Secretary of the Treasury can "prohibit or impose strict conditions on, the opening or maintaining a U.S. correspondent account or payable-through account for a foreign financial institution" having been engaged in weapons proliferation.

The Ministry of Strategy and Finance will spearhead the government task force as the bilateral sanctions are related to financial activities with three Iranian businesses based in Seoul.

The three are Bank Mellat Seoul office, the Iranian Petrochemical Company and CISCO Shipping Company, which are on the U.S. Treasury Department's Specially Designated Nationals and Blocked Persons (SDN) list.

In the wake of Washington's call to join international efforts to put more sanctions on Iran over its nuclear ambitions, Seoul has tried to buy more time.

It was wary of the negative fallout of joining the drive to punish Iran because imposing additional pressures on the Middle Eastern country was expected to take a heavy toll on its trade with the country.

Korea's annual trade with Iran reached \$10 billion last year. Giving up the Iranian market would deal a blow to local businesses, especially electronic producers, automakers and manufacturers.

Time has run out and now is the time for Korea to make a decision whether to join the action or not as the deadline set by the government until the U.S. Treasury Department's announcement of the regulations has passed.

A government official said Wednesday on condition of anonymity that no discussions have been made over additional sanctions on Iran so far.

Seoul's basic position on the Iranian sanctions is that it will cooperate with the international community when it comes to the country's nuclear program, he added.

Iran has been pursuing a nuclear program for about 20 years.

Iran insisted that it plans to use the nuclear energy peacefully.

But the United States and European nations claim that the Middle Eastern nation is seeking to develop nuclear weapons, demanding Iran suspend the nuclear program. The Middle Eastern

nation has resisted these calls, inviting the U.N. Security Council's adoption of a fourth round of sanctions in June.

U.S. President Barack Obama signed the CISADA bill into law on July 1 for bilateral sanctions against the nation after the bill was passed in Congress.

Following the U.S. move, the European Union adopted a set of sanctions on Iran.

Several other nations, including Canada and Japan, have joined the move. This has added pressure on Korea to make its choice.

Prosecution to investigate allegations over Roh's account

By Bae Ji-sook

Prosecutors said Thursday they will investigate the allegations that the late former President Roh Moo-hyun had a bank account under an alias, raised by National Police Commissioner-nominee Cho Hyun-oh.

They said they will look into whether this alleged bank account actually exists and whether claiming its connection to Roh could be regarded as libel, as the Roh Moo-hyun Foundation claimed before filing a libel suit against Cho earlier this week.

Staffers at the Seoul Central District Court will scrutinize pertinent documents prepared last year during an investigation by another group of prosecutors into Roh's bribery scandal, sources said.

In 2009, Roh was accused of receiving bribes from Park Yeon-cha, chairman of the Busan-based shoemaker Taekwang. But on May 23, during the investigation, he killed himself. His sudden death brought an immediate end to the investigation, without confirming any wrongdoing involving Roh.

A prosecution insider said, "Last year, staffers detected some traces of bank accounts opened under borrowed names while examining Roh's case. But the case closed at once with Roh's death. Cho, then chief of the Seoul Metropolitan Agency, seems to have referred to this," according to the JoongAng Ilbo newspaper.

The police chief-nominee is accused of making false allegations about the former head of state when he asked some 500 senior police officers in a closed-door meeting in March, "Why did former President Roh take his own life? The day before he jumped off that cliff to his death, a bank account under an alias, with a huge amount of money was found."

He also claimed, "Kwon Yang-sook (widow of the late Roh) contacted the main opposition Democratic Party (DP) to confuse the investigation after an independent counsel was picked."

The foundation, created by a group of former aides of the former President, filed both complaints and a criminal suit with the prosecution against Cho. The investigation is expected to cause a stir in political circles.

Rep. Hong Joon-pyo of the ruling Grand National Party requested the administration Thursday to adopt an independent prosecution system to ensure a thorough and politically neutral investigation. "We don't need the scandal to become a political gambit. Let adopt an independent prosecutor who could verify the allegations in just two or three days. If the allegations turn out to be false, Cho should step down," he said.

Rep. Park Jie-won, interim leader of the largest opposition DP, said, "This will be another attempt to tarnish the reputation and dignity of the deceased President."

Previously, Hong Man-pyo, a senior prosecutor who led the probe, said, "Cho's comments are groundless. At the time of the investigation, Cho was not in the official command hierarchy to have access to related information."

Cho said he made the allegations based on articles he read online. He expressed regret publicly shortly after the video of his remarks was disclosed through TV news programs.

North Korea says consensus with China on nuclear talks

SEOUL | Thu Aug 19, 2010 11:33pm EDT

SEOUL (Reuters) - North Korea said it has reached a consensus with China concerning the resumption of international talks on ending its nuclear arms program, the North's official news agency reported.

China, the North's sole key ally, has urged regional powers to put the March sinking of a South Korean warship behind them and return to the negotiating table to end a cycle of confrontation that has raised tension to new heights.

Seoul and Washington say a North Korean submarine torpedoed the Cheonan corvette, killing 46 sailors. Pyongyang denies any role.

Six-way nuclear talks involving the two Koreas, the United States, Japan, Russia and China have been in limbo since 2008.

Chinese state media said a delegation led by Beijing's chief nuclear envoy Wu Dawei visited Pyongyang earlier this week for talks on security issues and the six-party talks process.

The North's official KCNA news agency said the two sides had held "in-depth discussions on the regional situation and the bilateral relations of friendship and matters of mutual concern including the resumption of the six-party talks and the denuclearization of the whole Korean Peninsula."

"They reached a full consensus of views on all the matters discussed," it reported late on Thursday.

China, which had been the host of the six-way talks that began in 2003, has urged regional powers to "flip the page of the Cheonan incident" and quickly resume negotiations.

Last month, after the U.N. Security Council statement did not directly blame it for the sinking of a South Korean warship, apparently in deference to Beijing, Pyongyang said it was willing to return to the talks.

South Korea and the United States have said the North must first admit responsibility for the Cheonan incident before they would consider the resumption of the six-way forum.

North Korea has consistently sought talks with Washington, claiming the status of a legitimate nuclear power, and has also demanded new negotiations to replace the armistice ending the 1950-53 Korean War with a permanent peace treaty.

South Korea and the United States have rejected the idea of peace talks, saying the dismantling of the North's nuclear program in an irreversible manner must come first.

South Korea-India close to nuke deal

BY YOSHIHIRO MAKINO THE ASAHI SHIMBUN

SEOUL--South Korea and India appear set to reach an agreement on nuclear energy technology cooperation by the end of the year, South Korean government sources said.

South Korea is also seeking to reach a similar agreement with Japan by the end of the year.

Sources said South Korea and India reached an agreement in principle at the first round of negotiations held in July.

India plans to build 40 or more nuclear reactors by 2032 and South Korea wants to export its light-water reactor technology.

The agreement with India could antagonize North Korea, which, like India, has developed nuclear weapons outside the framework of the Nuclear Nonproliferation Treaty and would like to be recognized as a nuclear power.

However, South Korean government sources said little concern was expressed among government officials about the agreement with India.

Japan and South Korea have been negotiating since July 2009 for an agreement on the mutual supply of parts used in nuclear power generation and technology cooperation.

While the two nations have reached an agreement in principle after the fourth round of talks in July, Japan is insisting that the accord clearly state that South Korea would not introduce a nuclear fuel recycling program involving the removal of plutonium from spent fuel.

South Korea said no such wording is needed because reprocessing of spent fuel is rejected under a declaration calling for a nuclear-free Korean Peninsula.

Final discussions will focus on resolving those differences.

China mum on North Korean fighter jet crash

BY DAISUKE NISHIMURA THE ASAHI SHIMBUN

A North Korean MiG-21 fighter jet crashed Tuesday near the village of Songgang on the outskirts of Fushun, in Liaoning province. Roads to the crash site were blocked by police and traffic limited to those on official business. (DAISUKE NISHIMURA)

FUSHUN, China--Local Chinese officials were keeping a tight lid on the crash of a North Korean MiG-21 fighter in the outskirts of Fushun in Liaoning province on Tuesday.

Sources said the pilot had requested permission to land at a nearby military airport before the crash that killed him. Experts were pointing to mechanical trouble as the likely cause.

According to local residents, the crash occurred around 3 p.m. The site is near the border between a cornfield and an apple orchard in the village of Songgang.

The fighter flew low in a westward direction and made several turns before crashing. The jet did not burst into flames, and the aircraft bore no apparent sign of an attack.

A man in his 40s living nearby heard a loud bang and went to investigate. Another man in his 20s who also went to investigate said the jet had hit and damaged a house. The residents of the house were working on the farm at the time and no one was hurt.

"A red star within a circle could be seen on the silver fuselage. The jet was not heavily damaged," the man said.

Local police and security authorities apparently moved quickly because the crash involved a North Korean jet.

According to residents, fire trucks and ambulances were on the scene in less than 20 minutes. Several dozen police and military vehicles also rushed to the scene.

Police set up roadblocks leading to the crash site and traffic was limited to those with official business.

Sources said officials removed the jet from the crash site by Thursday morning.

Several residents said they were told by local authorities not to talk about the crash to outsiders.

A local reporter said, "A notice was issued that said not to publish any reports on the accident except those from Xinhua News Agency."

While it is unusual for domestic reports of military plane accidents to appear in China, this situation was somewhat different.

Xinhua issued a flash report Tuesday evening about an unidentified jet crashing.

Several Internet sites posted photos apparently taken by local residents of the crashed fighter jet.

Chinese authorities normally immediately delete photos or postings that may be related to state secrets or diplomatic matters, but the postings of the MiG-21 crash were passed on to other sites, including one operated by the People's Daily, even as late as Wednesday night.

Meanwhile, South Korean government officials were trying to gather as much information as they could.

Diplomatic sources said the MiG-21 may have been on a reconnaissance mission to check on the joint military exercises between the United States and South Korea currently taking place in the Yellow Sea.

Those sources said the jet might have run low on fuel or had mechanical problems that forced the pilot to seek an emergency landing at a Chinese airport.

While the MiG-21 was developed in the former Soviet Union in the early 1950s, it remains one of the mainstays of the North Korean air force.

Although some South Korean media speculated the pilot was seeking asylum in China, military experts said the possibility was low because China would normally deport anyone from North Korea trying to flee.

South Korean military sources said it was also possible that North Korean jets take part in training exercises with less than adequate fuel levels, partly because of an overall fuel shortage in the nation, and also to prevent pilots from using the jets to seek asylum in another country.

China Envoy Discusses Nuclear Talks in North Korea (Update1)

Aug. 19 (Bloomberg) -- China's top envoy to the Korean Peninsula visited North Korea this week and discussed resuming stalled talks on the North's nuclear program amid heightened tensions since the March sinking of a South Korean warship.

Wu Dawei visited North Korea between Aug. 16 and 18, and discussed ways to maintain peace and stability on the peninsula, China's Foreign Ministry said today on its website. Wu held

meetings with North Korean officials including Foreign Minister Pak Ui Chun, the statement said.

China has called for the resumption of nuclear disarmament talks as a way to relieve tension since South Korea accused North Korea of sinking one of its warships in March. South Korea says the talks can't convene until North Korea apologizes for the March 26 attack on the Cheonan, which killed 46 sailors.

The six-party talks involving Japan, Russia and the U.S. last took place in December 2008. North Korea had boycotted the talks because of United Nations sanctions after its second nuclear test in May 2009.

North Korea said in July it was ready to return to the disarmament forum after the UN Security Council condemned the attack on the Cheonan without naming a culprit. South Korea's Foreign Minister Yu Myung Hwan last month dismissed North Korea's overture as an attempt to divert attention from the sinking incident.

Blaming Kim

China has refrained from joining South Korea, Japan and the U.S. in blaming Kim Jong Il's regime for the attack, which North Korea denies. China is North Korea's largest trading partner and host of the six-party talks.

North Korea fired a barrage of artillery shells into the water off its west coast on Aug. 9 after repeated threats of "retaliation" against South Korea's joint naval drills with the U.S. The U.S. and the South held anti-submarine exercises, involving a nuclear-powered aircraft carrier, off the Asian country's east coast last month and plan to hold more in the coming months.

North Korea also confirmed today that it seized a South Korean fishing boat and its seven crew members on Aug. 8 for crossing the eastern sea border.

Economic Front:

Korea Pension Adds \$300 Million Stake in French Mall to European Portfolio

By Saeromi Shin - Tue Aug 17 02:59:39 GMT 2010

South Korea's National Pension Service said it plans to buy a 51 percent stake in a shopping mall near Paris for about 350 billion won (\$300 million), adding to property investments in London and Berlin.

The pension fund, South Korea's biggest investor, is acquiring the stake in the O'Parinor mall from Hammerson Plc, National Pension spokesman Kim Hyung Dong said by telephone today,

without providing more details. Yonhap News reported the fund is considering buying more than 51 percent.

National Pension Service, which had 295 trillion won in assets as of June, is investing in overseas stocks and real-estate investments from Australia to the U.K. to diversify away from domestic fixed-income holdings. The O'Parinor mall may benefit from five straight quarters economic expansion in France.

Hammerson redeveloped and extended the shopping center in September 2008. It comprises 220 stores, including Carrefour, Toys "R" Us, H&M and Zara outlets, and has an occupancy rate of 96.4 percent, according to the website of Hammerson, Britain's third-largest publicly traded real-estate company.

The Korean fund said in April it would buy Berlin's Sony Center from a Morgan Stanley real-estate fund for about 850 billion won. National Pension also said in February it would buy a 12 percent stake in London's Gatwick Airport for about 180 billion won, after announcing the purchase of an office building in Sydney in January.

National Pension agreed on Nov. 13 to buy HSBC Holdings Plc's London headquarters for 772.5 million pounds (\$1.2 billion).

The pension fund was set up in 1988 to provide retirement coverage for South Korea's private-sector employees and the self-employed.

South Korea Calls for Unity Tax as North Slams Drills

By Bomi Lim and Shinhye Kang - Mon Aug 16 02:37:47 GMT 2010

South Korean President Lee Myung Bak called for a special tax to cover the costs of eventual Korean unification as North Korea threatened to respond to a U.S.-South Korea military drill with "the severest punishment."

"It is imperative that the two sides choose coexistence instead of confrontation, progress instead of stagnation," Lee said yesterday in an address celebrating the Korean peninsula's liberation from Japanese colonial rule in 1945. "It is therefore our duty to start thinking about real and substantive ways to prepare for reunification such as the adoption of a unification tax."

Lee's proposal for a unification tax, the first to be made by a South Korean leader, comes amid speculation that ailing North Korean ruler Kim Jong Il is preparing to hand over leadership to his youngest son. Tensions have also escalated on the divided peninsula since the March 26 sinking of a South Korean warship, which a multinational panel blamed on a North Korean torpedo.

"The proposal will help South Koreans approach reunification with a dose of reality rather than as a far-fetched goal," said Dong Yong Sueng, a senior fellow at the Seoul-based Samsung

Economic Research Institute. “Estimates vary on how much reunification will cost, but there is no question that it will cost a lot.”

North Korea yesterday condemned the U.S. and South Korea’s annual war games that begin today as “all-out war maneuvers,” in a statement carried on the official Korean Central News Agency.

Reunification Costs

“The army and people of the DPRK will deal a merciless counterblow to the U.S. imperialists and the Lee Myung Bak group of traitors,” KCNA said, using the initials of the North’s official name. The statement also reiterated North Korea’s denial of having sunk the Cheonan.

The cost of reunification for South Korea would be as high as \$2 trillion to \$5 trillion spread over 30 years, Peter Beck, a senior fellow with the Atlantic Council’s Asia Program, has estimated. A South Korean presidential committee study estimates the cost at between \$322 billion to \$2.1 trillion over 30 years, Chosun Ilbo reported today.

South Korea, with a \$931 billion economy, will need to set aside an amount worth at least 12 percent of its gross domestic product annually for the first 10 years of reunification, the state-run Korea Institute of Public Finance said in a 2008 report.

Economic Integration

South Korea and North Korea remain technically at war since their 1950-53 conflict ended in a cease-fire, which was never replaced by a peace treaty. The two countries have since grown apart in political ideology and economic development, with the South’s per capita income hovering at 18 times that of the North’s in 2009, according to the Bank of Korea in Seoul.

Lee yesterday proposed a three-step process to reunification, in which the two countries’ economic integration will precede a peaceful unification. Any integration will only come after North Korea gives up its nuclear weapons program, Lee’s office said in a separate statement.

Lee didn’t propose the unification tax with any imminent change in the North Korean regime in mind, his office said. The government will consider details of the tax after discussions with relevant groups, it said.

Lee in May cut off most trade with North Korea after a South Korean-led multinational panel blamed Kim’s regime for the March 26 sinking of the warship Cheonan. North Korea also faces stricter U.S. sanctions targeting government officials and foreign banks sustaining its arms industry for the attack that killed 46 sailors.

Succession

Kim Jong Il, 68, is visibly frailer than in recent years and analysts and South Korean officials have said he may be preparing to designate Kim Jong Un, believed to be in his late 20s, as his successor. North Korea's plan to elect new leaders of the ruling Workers' Party in early September may provide some insight into the succession, South Korea's Foreign Minister Yu Myung Hwan said in a July 24 interview.

The younger Kim has no known political office and analysts have said he may not yet have the full loyalty of the communist nation's military and its political elite, risking instability in any transition period.

Samsung Heavy Starts Producing 500-Megawatt Wind Turbines in South Korea

By Kyunghye Park - Wed Aug 18 23:58:53 GMT 2010

Samsung Heavy Industries Co. said it has started manufacturing wind turbines in South Korea. The plant has the capacity to produce wind turbines that can generate 500 megawatts annually, the Seoul-based company said in an e-mailed statement today.

Samsung Everywhere in Korean Smartphone Blitz: Rich Jaroslovsky

By Rich Jaroslovsky - Thu Aug 19 20:00:00 GMT 2010

In technology, there's a lot to be said for being everywhere. Just ask Google Inc., which has managed to grab 13 percent of the smartphone market in a year and spawn a flood of increasingly polished devices by giving away its Android operating system.

Now South Korea's Samsung Electronics Co. is trying the ubiquity game too. Its new line of Android phones, called Galaxy S, is showing up under different names on all four of the major U.S. carriers -- Sprint Nextel Corp., AT&T Inc., T-Mobile and Verizon Wireless -- as well as the smaller U.S. Cellular and Cellular South networks.

I've had the chance to use three of them, the AT&T Captivate, Sprint Epic 4G and T-Mobile Vibrant, and found them to be reasonable alternatives to the sexier, and sometimes pricier, iPhones and Droids.

If like me you're a sucker for a vivid screen, you'll immediately be attracted to the Galaxy S phones. The 4-inch display uses a technology called Super AMOLED that makes colors really pop. While T-Mobile takes advantage of the screen's size and capabilities by preloading the movie "Avatar" onto the Vibrant, I'll also admit to spending an inordinate amount of time simply admiring the icons on the Captivate's desktop.

Even if it lacks the resolution of Apple's touted Retina display on the iPhone 4, the Galaxy S's screen is beautiful, and is the devices' strongest selling point.

Brisk and Responsive

Not to say there's much wrong with what's under the hood either. The new phones all use a 1-gigahertz processor that feels brisk and responsive, and the three I tried all come with a 16-gigabyte microSD card you can replace with an even larger one. And of course, the battery is replaceable, unlike on an iPhone.

The Captivate and Vibrant are similar, though not identical. Both are slim and rounded at the corners, reminiscent of the previous-generation iPhone Apple design that was replaced by the controversial new iPhone 4. The differences are largely cosmetic: One's camera lens is set in a square enclosure, the other's circular -- that sort of thing. Both vibrate the screen to produce tactile feedback when you hit a button or a key on the virtual keyboard, and are able to blend information from popular social-networking sites to keep you up to date on your friends' activities and photos in one place.

Faster Downloads

The Epic 4G, the Sprint version of the Galaxy S that goes on sale Aug. 31, is quite different. For one thing, it features a slide-out keyboard that makes it a good deal bulkier than the Captivate and Vibrant. For another, it is the second phone capable of connecting to the new WiMax network Sprint and its partner ClearWire Corp. are rolling out in the U.S.

This so-called fourth-generation network provides considerably faster downloads than 3G networks, but only if you live in an area the network has reached, and are willing to put up with the extra drain it imposes on battery life.

A fairer comparison might be to HTC Corp.'s EVO, Sprint's only other 4G phone. Although the EVO's screen is much larger, I prefer the Epic's, plus the more compact size makes it easier to handle. More important, my crude battery test suggests the Epic is likely to be better at handling the drain imposed by 4G. On the other hand, at \$249 on a two-year contract, the Epic is \$50 more expensive.

iPhones and Droid

Both AT&T and T-Mobile are offering their Galaxy S phones for \$199 on a two-year contract. That's comparable to the 16-gigabyte iPhone, which runs on the AT&T network, or Motorola Inc.'s Droid X and Droid 2 and HTC's Droid Incredible, the flagships of the moment for Verizon, and \$100 less than the top-of-the-line iPhone.

There are a few things I would have liked to see included in the Galaxy S phones. The 5-megapixel cameras on the AT&T and T-Mobile versions lack a flash, for instance, and only the Epic 4G has a front-facing camera, which makes video calling possible. The Epic is also the only one of the three to offer a mobile-hotspot option to let you share the phone's Internet connection with nearby Wi-Fi-enabled devices, a feature that I find useful if battery-draining; that ability is also promised for the Verizon version, which will be known as the Fascinate.

Still, all four of the phones will have that beautiful, colorful screen. Now, if you'll excuse me, I'm going to go spend a few more minutes staring at the icons.

Korail ousts Samsung from Yongsan project

Korail demanded Thursday that Samsung Construction and Trade (C&T), the leader of the consortium of builders for the Yongsan development project, voluntarily pull out of the stalled scheme if the company is unwilling to normalize it.

The state-run rail operator also said it will soon select a new lead builder to replace Samsung. But it said it has no intention to exercise its right to nullify the development contract with the construction arm of Korea's largest business group.

"We have informed Samsung C&T that we want the builder to withdraw from the asset management company (AMC) in charge of implementing the development project. But we have not yet received any response from Samsung," Korail said in a press release.

Samsung C&T owns a 45.1 percent stake in the AMC, a special purpose entity that was set up in 2007 solely for completing the "Yongsan International Business Zone" project, a 31-trillion-won (\$27 billion) venture that was to represent the country's largest single property scheme.

"Samsung C&T has been forcing the state-run Korail to make unnecessary sacrifices. The builder should stop holding the Yongsan project hostage and make the necessary decision to revive the stalled project," it said, stressing Samsung has been refusing to take responsibility as the lead builder.

The construction firm has declined to make a payment for the land near the Yongsan railway station in Seoul over the past year, asking Korail to slash land prices in the wake of the prolonged real estate market slump.

In 2007, Samsung C&T and 16 other builders won the bid to develop Yongsan into an international business hub by 2016 by pledging to buy the land from Korail for 8 trillion won.

Citing difficulties in raising funds, the construction firm has also demanded other builders and financial investors to shoulder larger development-related costs. Against this backdrop, Korail has been pressuring Samsung to abide by the contract and make land-related payments as scheduled.

"We have reduced the amount of interest payments and deferred the land-related payments for months in a bid to have the Yongsan project proceed as planned. Yet Samsung C&T and other builders have refused to make payment guarantees for the land," the press release said.

Korail's spokesman, Kim Heung-seong, said unless Samsung takes full responsibility as the lead builder in the project, it should give up the development right once and for all. "We will put

forward this agenda to the AMC's board of directors' meeting next Monday. If not approved, we will call for the convening of a special shareholders' meeting and have our demand met."

Kim then said several construction firms have expressed an interest in taking over Samsung C&T's role, adding that other builders, financial investors and the Seoul Metropolitan Government should make every effort to put the Yongsan project back on track.

When Samsung C&T and 16 other builders committed to the project in 2007, the country's real estate market was at its peak. The market has skidded sharply since then, and the companies are no longer certain that the returns will ever justify an 8 trillion won splurge.

The Yongsan investors need 2 trillion won to fulfill their land-related payments through the end of next year, and Korail demanded the construction firms come up with the money through real estate project-financing loans.

The builders balked at the demand, claiming they don't have the room left to take on massive guaranteed loans and that financial investors should share the burden as well.

This had financial investors suggesting an alternate plan where the builders come up with 950 billion won and the rest of the money would be raised through a capital increase and loans based on KORAIL-provided collateral.

The builders rejected this as well, with Samsung C&T claiming that the cost should be divided among each financial investor and construction company depending on the size of their stakes.

Expanding Middle Class to Help Cut Asia's Dependence on Exports, ADB Says

By Kartik Goyal - Thu Aug 19 10:27:30 GMT 2010

Asia's expanding middle class is likely to boost domestic spending and reduce the region's dependence on exports, helping shield it from global economic crises, the Asian Development Bank said.

"Asia's middle class, through its sheer size and dynamism, will present a huge opportunity for the region and the world," the Manila-based lender said in an e-mailed report today. "Asia will be able to move away from export-led to domestic-led consumption growth and reduce its exposure to negative external shocks, such as the 2008 global financial crisis."

The bank estimates the size of the so-called middle class population in Asia, with the ability to spend between \$2 and \$20 a day, rose to 1.9 billion in 2008 from 565 million in 1990. That will help consumer spending in Asia to multiply about eight times to \$32 billion by 2030, accounting for 43 percent of the worldwide consumption, the report showed.

The middle class may number 2.7 billion by 2030, ADB's chief economist Jong-Wha Lee said in the report, titled "The Rise of Asia's Middle Class."

The share of exports in some South East Asian countries is as high as 80 percent, making them vulnerable to global economic crises, Lee said. China's exports account for about 30 percent of its economy, while overseas sales in South Korea make up almost half the economy, Lee said.

Asian Consumers

Asia's "emerging consumers are very much expected to become the next global consumers and assume the traditional role of the U.S. and European middle classes and play a key role in rebalancing the world's economy," he said.

China has 817 million people in the middle class, the ADB said, with India coming in second with 274 million.

In India, more than 75 percent of the middle class remain in the \$2 to \$4 consumption bracket, leaving them at risk of falling back into poverty in the event of a major economic shock, the report said.

Even though a strong middle class is necessary for sustainable economic growth, higher incomes are resulting in an increase in "diseases of affluence" such as obesity in Asia and policy makers would need to address them, the ADB report said.

Cardiovascular diseases are likely to increase by as much as fourfold in several countries over the next two to three decades and "Asia will be faced with an increasing number of chronic diseases on a scale previously unseen" the ADB said.

Korea National Is Said to Make Hostile \$2.7 Billion Bid for Dana Petroleum

By Cathy Chan and Shinhye Kang - Fri Aug 20 05:24:23 GMT 2010

Korea National Oil Corp. plans to make a hostile 1.7 billion-pound (\$2.7 billion) bid for U.K. explorer Dana Petroleum Plc after its takeover offer was rejected, said a person with direct knowledge of the matter.

The state-owned energy explorer plans to keep its offer at 1,800 pence a share, which was rejected by Dana on Aug. 12, said the person who declined to be named before an official statement. Korea National intends to make an announcement about Dana at 3 p.m. in Seoul today, a company official said, asking not to be identified and declining to give details.

Korea National plans to spend about \$6 billion on acquisitions and projects this year to more than double output by 2012 as Asia's fourth-biggest oil importer competes with China and India for resources. Dana, which focuses on the North Sea and Africa, said in March its probable reserves rose 15 percent to 223 million barrels of oil equivalent in 2009.

"The offer price is reasonable, considering Dana's reserves and daily output figures," said Cho Seung Yeon, an analyst at HMC Investment Securities Co. The deal, Korea National's second

major acquisition since October, values Dana at about \$12 a barrel of oil equivalent, and anything between \$10 and \$13 a barrel is suitable for an explorer, Cho said.

Shares Surge

Korea National's offer is a 6.2 percent premium over yesterday's close of 1,695 pence, according to Bloomberg calculations. The stock has surged 44 percent in London this year.

Korea National has been enlisting support from shareholders after its friendly bid was rejected and has secured almost half of Dana stakeholders' acceptance of the offer, the person with knowledge of the deal said.

Dana slumped as much as 13 percent on Aug. 12 when it rejected Korea National's offer. The shares pared losses after the South Korean company responded that it was considering its options.

The yield on Korea National's \$1 billion in 5.375 percent bonds due in 2014 rose to 3.009 percent from 2.993 percent yesterday, according to Royal Bank of Scotland Group Plc prices.

Korea National had increased its indicative proposal from 1,700 pence on July 23. The deal would be South Korea's biggest overseas acquisition for 2010, according to Bloomberg data.

Hunt for Assets

Asia's fourth-biggest economy, which imports almost all its oil needs, plans \$12 billion in overseas energy projects and acquisitions this year, up from \$6.7 billion last year, the Ministry of Knowledge Economy said in January. That compares with \$30 billion spent by China, which overtook Japan as the world's second-biggest economy last quarter.

Dana executives flew to Canada to meet with KNOC officials on Aug. 6 to advance talks and make a non-disclosure agreement to access company data, the Aberdeen, Scotland-based company said in its Aug. 12 statement.

Korea National on Aug. 9 declined to sign a non-disclosure agreement and conduct diligence without the board's backing, according to a statement on Aug. 12. Therefore, Dana's board "does not consider it is prudent or warranted to provide a recommendation," the company said.

The valuation "is based on a very detailed analysis of Dana and takes into account all of the information available to it, including the company's recent operational and corporate transaction announcements," Korea National said.

Harvest Acquisition

Korea National in October agreed to buy Canada's Harvest Energy Trust for \$3.9 billion in the nation's biggest overseas energy acquisition after purchasing a stake in Petro-Tech Peruana SA of Peru for \$450 million in February last year.

South Korean lawmakers complained in November that the state-owned company may have paid too much for Harvest. Korea National paid C\$26.58 (\$25.57) for each barrel of proved reserves, based on the C\$4.1 billion price tag and Harvest's 154.26 million barrels of oil-equivalent reserves as of Dec. 31, 2008.

This year is on course to be the busiest for natural resources deals, with commodities companies including miners, oil producers and chemical makers having announced \$362 billion of takeovers so far this year. If they maintain that pace, they will eclipse the record \$576 billion of deals announced in 2007, according to data compiled by Bloomberg.

BHP Billiton Ltd., which announced a \$40 billion hostile bid for Potash Corp. of Saskatchewan Inc. this week, Vedanta Resources Plc and Apache Corp. are taking advantage of low interest rates to finance all-cash deals that allow them to add reserves more cheaply than through exploration. In addition, valuations haven't rebounded as fast as commodity prices. The energy segment of the Morgan Stanley World Index has risen about 35 percent from its 2009 low as the price of crude oil more than doubled.

China is the biggest oil importer in Asia, followed by Japan and India.

Imports of S. Korean bluefin tuna a blow to moves to protect the fish

Surging imports of bluefin tuna from South Korea are threatening to undermine Tokyo's efforts to preserve fish stocks amid international concerns that overfishing is pushing the species to extinction.

Even though Japan accounts for about 80 percent of global consumption of bluefin tuna, it has taken steps to limit its own hauls.

Bluefin tuna is highly coveted in Japan as the definitive fish for sushi.

With stocks of the fish showing sharp declines around world, Japan got the jump on other countries by deciding in May to reduce its catches in the Pacific Ocean.

But Japanese fish dealers are buying up as much bluefin tuna as South Korea can provide.

Most of the bluefin tuna is caught in waters near Japan.

The Fisheries Agency is moving to stop the imports, but its measures are not legally binding and it remains to be seen how effective they will be.

According to the agency, imports of fresh or frozen bluefin tuna from South Korea totaled 919 tons in the first six months of this year. That compares with 917 tons for the entire previous year.

From 2006 to 2009, annual imports of bluefin tuna from South Korea hovered at around 1,000 tons.

South Korean fishing boats are mainly operating in the so-called provisional zone in the East China Sea, which is jointly controlled by Japan and South Korea.

As the custom of eating bluefin tuna has not taken off in South Korea, most bluefin tuna taken by South Korean vessels is exported to Japan.

A wholesale market in Fukuoka, which is close to the provisional zone, handles the bulk of sales.

Bluefin tuna from South Korea are 10 to 20 percent cheaper than the fish caught by Japanese fishing vessels.

According to figures provided by South Korea, hauls of bluefin tuna in the Pacific rose from 833 tons in 2006 to 1,563 tons in 2008. However, the 2008 figure is still less than one-10th of the roughly 18,000 tons snagged by Japanese fishing boats in the Pacific in 2008.

The Fisheries Agency attributes the increase in hauls by South Korean boats to their use of round haul nets.

Despite concerns about stocks of bluefin tuna, especially Atlantic bluefin tuna, the 175-nation Convention on International Trade in Endangered Species of Wild Fauna and Flora, or CITES, refused to endorse a ban on Atlantic bluefin tuna trade at its meeting in Qatar in March.

In May, Japan moved to protect stocks of the fish in the Pacific by putting a limit on hauls of young bluefin and the number of vessels that catch the fish and introducing mandatory periods when no fish can be caught.

The Fisheries Agency is urging South Korea and other nations to adopt similar restrictions.

Because Japan's haul of bluefin tuna is so much larger, South Korea is not receptive to the plea.

Japanese officials fear that the measures will be rendered meaningless if South Korean vessels continue to catch the fish in waters near Japan and export them to Japan.

Social Front:

Fake marriage used to get citizenship here

Fake marriage is emerging as a vehicle ineligible foreigners use to get legal residential status here, challenging the most popular method of document fabrication.

Some men have been accused of luring mentally-challenged Koreans to pursue their “Korean dream” or even committing bigamy getting married to a Korean with their first spouse being in their homeland.

“It’s an emerging trend,” an immigration official said. “We are trying to screen suspicious cases, but we fall short of completely stopping all such schemes.”

Among the latest cases was a man from Bangladesh, who first came to Korea in November 2000 but was later deported for staying after his visa expired. To return legally, he attempted to marry a Korean woman, one of his friends during his initial stay here, and earned her consent for marriage.

But the attempt was foiled when immigration authorities found that he had an “extra” Korean girlfriend he had got engaged to in case he failed to marry the first.

In another case, a Pakistani man successfully won permanent residential status after marrying a Korean. But it was later confirmed that he had a wife and five children in his home country, according to the Ministry of Justice. His Korean wife filed a divorce suit against him. The court canceled his status and permanently banned him from entering the country.

According to sources, there are tips shared on how to select easy “targets” and get close to them.

“Aged, single and mentally-challenged women are favorites,” a source said. “The best way to grab citizenship is getting Korean women pregnant.”

Lee Jeong-doo, a Seoul Immigration Office official, said pregnancy is regarded as proof that the couple is willing to maintain their marriage so that officials rarely doubt the foreign spouses’ purpose here. Immigration officials complain that courts are too lenient on the issue, making the situation worse.

In fact, many foreign spouses, despite living separately from their Korean partner for a long time upon arrival, were found not guilty of bogus marriages, as they kept in touch and met regularly.

Even the court acquitted those who pled guilty to entering the country through the criminal act if it decided that they actually loved each other and acted as a real couple regardless of the original purpose their marriage.

“The prosecution also deals with such cases in the same way, which means post-wedding life outweighs its original purpose in judging whether it was legal or not,” a Supreme Court spokesman said. “But if any financial transaction as a reward for the marriage is confirmed, the court used to hand down a guilty verdict.”

No statistics on how many foreigners have entered into such fraudulent marriages are available. Last year, a total of 7,275 foreigners earned permanent resident status through marriage to a Korean, up from 5,792 in 2008.

Seoul population up 4.3 times over 50 years

By Kwon Mee-yoo

The population of Seoul increased 4.3 times and the size of the capital has doubled over the last half a century, the Seoul Metropolitan Government (SMG) said in a report Wednesday.

Seoul City, which has released an annual statistical report since 1961, published the 2010 edition, covering the last 50 years of development in the capital.

According to the report, the size of Seoul has doubled to 605 square kilometers last year from 268 square kilometers in 1960, while the population rose to 10.4 million in 2009 from 2.4 million in 1960.

The number of international residents jumped more than 24 times since 1970 when records on them were started — from 10,463 to 255,749 at the end of last year.

In the past 50 years, the size of Korea's economy has expanded and consumer prices have also surged. Overall consumer prices grew 8.8 times during this period.

The net average income increased 15 times — from 229,000 won to 3.5 million won. As private cars and the Internet became popular, the ratio of transportation and communication in household expenses jumped from 2 percent to 17 percent.

The biggest change in the urban landscape came in apartment buildings soaring all over the city. As of last year, there were 1.4 million apartment complexes in Seoul, an increase of 60 times from only 23,987 in 1970.

In the 1960s, more than 140 elementary school students were in a class, but nowadays only 28 students are assigned to a classroom on average.

The number of household members under the same roof fell to 2.48 on average from 5.47 in 1960. The annual temperature rose to 12.9 degrees Celsius from 12.1 degrees.

"The survey portrays the last 50 years in Seoul and sheds new light on the changes in the city," a city official said.

The statistics are available on the city's website.

76% of female workers sexually harassed

By Lee Hyo-sik

Nearly eight in 10 female salaried workers said they have experienced sexual harassment in the workplace, mostly by male superiors, a survey found Wednesday.

Two out of every 10 male employees also said they were sexually harassed at least once.

In a survey of 549 salaried employees, conducted by online job portal Incruit, 47.5 percent of them said they had been sexually harassed at work, with 76 percent of females and 24 percent of males reporting they were subject to various forms of sexual ridicule at least once.

Incruit said 73.6 percent were harassed by their superiors, followed by colleagues (13.8 percent) and company owners (11.5 percent) and junior colleagues (1.1 percent). About 61 percent said sexual harassment takes place on a regular basis, with only 39 percent reporting one-time incidents.

Among the various types of sexual harassment, unnecessary physical contact was cited most at 35.6 percent, followed by obscene jokes at 29.9 percent and comments on appearance at 11.5 percent.

About 10.3 percent said they felt offended when sexually approached, with 5.7 percent being forced to serve drinks and dance at a company get-together.

In response to sexual harassment, 55.2 percent said they did nothing and put up with it, while 29.9 percent took steps and expressed their feelings to the harasser.

Only 3.4 percent said they consulted with colleagues about what to do about the situation, with 2.3 percent reporting it to supervisors.

When asked about whether employers implement an education program at least once a year to prevent sexual harassment in the workplace, 57.5 percent said they never benefitted from any such session, while 47.5 percent said they were asked to participate in the education program on a regular basis.

Grandson of Samsung founder commits suicide

A grandson of Samsung Group founder Lee Byung-chul was found dead in an apparent suicide in Seoul, police said Wednesday, becoming the second person in the family to kill themselves.

The body of Lee Jae-chan, 46, was found at his apartment's outdoor parking lot in Yongsan at around by 7 a.m. by an apartment manager, police said.

"I heard a loud sound near the parking lot. When I rushed to the scene, I found a man wearing a white shirt on the ground bleeding from his head," he was quoted as saying by Yonhap News.

In 2005, Samsung Electronics Chairman Lee Kun-hee's youngest daughter, Lee Yoon-hyung, killed herself in New York.

Police have opened an investigation to confirm the cause of Lee Jae-chan's death. They suspect he jumped from his home on the fifth floor of the apartment.

Medical staff at Soon Chun Hyang University Hospital, where the body was taken, concluded the cause of death was due to severe brain and chest trauma.

His neighbors suspect he struggled with depression.

“He frequently came home late so few knew him well,” a 76-year-old man who lives in the same building told a daily. “Sometimes, I heard him yelling late at night. So there were rumors that he suffered from depression.”

Lee lived alone in his apartment for the past five years, separated from his wife and family, according to the police.

He was formerly CEO of Saehan Construction, an affiliate of Saehan Group founded in 1997 by his father Lee Chang-hee. But he has remained jobless since 2000 when he stepped down from the seat after the company's collapse. His father died of leukemia in 1991.

Saehan Group was established after Saehan Industries' synthetics unit was spun off from Samsung Group.

The group once ranked as the 27th-largest business entity in the country with 12 affiliates, but sold or merged most of its money-losing businesses in 2000 in the wake of the Asian financial crisis that engulfed the nation.

After studying business management in the United States, he tied the knot with a daughter of former Dong Ah Group Chairman Choi Won-seok. But for unclear reasons, they were living separately. Samsung has made no official response to the death.

Japan

Detailed News

Politico-strategic Front:

Kan Apologizes for Japanese World War II Actions, Doesn't Visit Yasukuni

By Yasuhiko Seki - Sun Aug 15 07:33:00 GMT 2010

Japanese Prime Minister Naoto Kan apologized for suffering his nation caused in World War II at an annual memorial for the war dead held at Tokyo's Budokan arena.

Kan did not attend a ceremony held at Yasukuni Shrine, a memorial that some in China and South Korea have said glorifies Japan's militarist era. "We inflicted significant damage and pain on many countries during the war, on the people of Asian countries in particular," he said at Budokan.

"We deeply regret that, and we extend our sincere condolence to those who suffered and their families," Kan said yesterday, the 65th anniversary of the end of World War II. "We herewith promise to make our utmost efforts to achieve eternal global peace and to never again repeat the horror of war."

The prime minister's apology and decision to skip the Yasukuni ceremony may help improve bilateral ties in the region. Chinese Foreign Ministry spokeswoman Jiang Yu last year said Yasukuni was "a major politically sensitive issue in Japan- China relations."

Sadakazu Tanigaki, leader of the opposition Liberal Democratic Party, which ruled Japan throughout most of the postwar era, and some colleagues visited Yasukuni today, Kyodo News reported.

The shrine honors Japan's 2.5 million war dead, including Class A war criminals such as former Prime Minister Hideki Tojo, who was executed in 1948.

Two marines arrested in Okinawa

NAHA, Okinawa Pref. (Kyodo) A 19-year-old U.S. Marine has been arrested on suspicion of stealing and a 33-year-old U.S. airman for an alleged traffic violation in separate cases in Okinawa Prefecture, the police said Sunday.

The Okinawa Prefectural Police arrested the lance corporal from the U.S. Marines' Makiminato Service Area in the city of Urasoe for allegedly stealing about ¥3,000 from a taxi in Ginowan at around 10:30 p.m. Saturday.

The Marine was apprehended on the spot by police officers responding to a report from the driver. The marine denied the allegation, the police said.

The taxi driver called the police after the marine, who was sitting in the front passenger seat, reached into his cash box while the car was in the drive-through lane of a hamburger joint.

Politicians to return ¥48 million

Kyodo News

All 59 newly elected members of the Upper House have offered to give back part of their salaries for the month of July covering the days before they began working as lawmakers, the chamber's secretariat said.

The total to be returned amounts to about ¥48 million, it said. The move follows the enactment earlier this month of a change that makes it possible for Diet members to voluntarily return part of their pay.

Flickers of hope for nuke abolitionists

Cause growing but 'realists' still hold upper hand

The Associated Press

HIROSHIMA — In Hiroshima, this place where a fearful age was born one fiery instant 65 years ago, the Flame of Peace still flickers on, awaiting the day when the world is rid of nuclear weapons.

Many believe that day may be approaching.

"I saw a light in a dark tunnel," says Emiko Okada, 73. "President Obama said, 'Yes, I can.' "

For her and other hibakusha, survivors of Hiroshima and Nagasaki 1945, abolishing nuclear weapons has been a lifelong crusade. But the cause that the two cities never abandoned is now also the cause of a growing movement worldwide, embraced by statesmen in Washington and other capitals, endorsed by old Cold Warriors, promoted by Hollywood, financed by billionaires.

Ordinary people, too, in country after country, want "zero nukes," opinion polls show.

But is it achievable? Can doomsday arms be banished from the face of the Earth? Will man stop reaching for ever more powerful weapons? And, more immediately, will an American president, following his ambassador's unprecedented visit, finally walk this year among the cherry trees, the memorials, the unspeakable memories of Hiroshima?

"The hibakusha say, 'We're getting older and older and we'll soon die.' For them abolition is a kind of dream that should be achieved immediately," says Kazumi Mizumoto, 53, a Hiroshima-born scholar of the nuclear age. "I understand their feelings. But feelings aren't enough."

The strongest feelings are of obligation — to the countless thousands whose ashes lie beneath the burial mound beside the Ota, the tidal river that ebbed and flowed with charred bodies on Aug. 6, 1945, after U.S. airmen dropped a bomb that, in a blinding orange flash, unleashed the atom's unearthly power on an unsuspecting city below.

In movie houses across America this summer, the Hollywood film "Countdown to Zero" is exhorting audiences to "change our way of thinking" and eliminate nuclear arsenals. In a second documentary, "Nuclear Tipping Point," distributed via 50,000 DVDs and screened for President Barack Obama last April, former U.S. Secretary of State George P. Shultz warns of "a very dangerous moment" in history and calls for zero weapons.

The first film was financed by former eBay chief Jeff Skoll, and the second by the Nuclear Threat Initiative, an organization underwritten by two other billionaires, Warren Buffett and Ted Turner.

Such heavyweight backing points up the movement's newfound clout. It will need every ounce of it in contending with the inertia of the nuclear age.

The age unfolded slowly at first. After dropping bombs on Hiroshima, killing outright or in the ensuing months at least 140,000 people, and three days later on Nagasaki, claiming at least 80,000, the U.S. took Japan's World War II surrender and built only three more bombs in 1945. But by 1949, when the Soviet Union tested its first device, the U.S. had 235, and the arms race between Cold War adversaries was joined.

The "nuclear club" expanded in the following decades, to include Britain, France, China, Israel, India, Pakistan and probably North Korea, and Iran appears to want to join.

At its peak, in 1986, the global stockpile totaled more than 70,000 weapons, 96 percent in U.S. and Soviet hands — not just aerial bombs and missile warheads, but also nuclear land mines, naval depth charges and artillery shells, equivalent to 3 tons of TNT for every person on Earth.

Through those years, the world teetered on the edge of a catastrophic nuclear exchange an unknown number of times, from 1962's Cuban Missile Crisis to false alarms and near-launches never publicly reported.

It wasn't until the Cold War ended in 1991, as the Soviet Union disintegrated, that a "build-down" of strategic weapons began, with the first treaty reducing long-range nuclear missiles. But reduction was not elimination: By 2007, arsenals still bristled with 27,000 atomic warheads, enough for more than 150,000 Hiroshimas.

In January that year, a pivotal opinion piece appeared in The Wall Street Journal, signed by Shultz and Henry A. Kissinger, former secretaries of state; William Perry, a former U.S. defense secretary, and ex-U.S. Sen. Sam Nunn, chairman of the Nuclear Threat Initiative.

These four elder statesmen made two powerful arguments for abolition: Cold War-style nuclear deterrence was a long-obsolete notion, and the threat of nuclear terrorism, accident or miscalculation grew with every year that thousands of weapons and tons of weapons material existed.

Their appeal gave new hope to abolitionists. In 2008, momentum built as both U.S. presidential candidates espoused the no-nukes goal, and a new high-profile movement, Global Zero, took shape, led by Jordan's Queen Noor and former U.S. arms negotiator Richard Burt, and backed by such leading figures as former Soviet President Mikhail S. Gorbachev.

Then, in April 2009, the new U.S. president and Russian President Dmitry Medvedev jointly endorsed the "zero" goal, and Obama, in a historic address in Prague, declared that the U.S. must act "as the only nuclear power to have used a nuclear weapon" — a rare statement of U.S. moral responsibility.

By April this year, the American and Russian leaders were signing a new treaty taking their countries' arsenals down another notch, to 1,550 deployed warheads, with several thousand in reserve. That pact awaits U.S. Senate ratification.

The abolitionists, meanwhile, have rolled out their plans.

Global Zero's study group of former U.S., Russian, Chinese and other military and diplomatic leaders proposes a phased process whereby the U.S. and Russia negotiate down to 1,000 warheads each by 2018. Meanwhile, by mid-decade, other nuclear-armed nations would enter multilateral talks to reduce their weapons in proportion to continuing U.S. and Russian cuts. All would reach zero by 2030.

Mayors for Peace, representing 4,037 cities worldwide and led by Hiroshima Mayor Tadatoshi Akiba, is even more ambitious, calling for abolition by 2020.

The most detailed, step-by-step blueprint comes from the International Commission on Nuclear Nonproliferation and Disarmament, sponsored by the Japanese and Australian governments. That 300-page report, issued last November, foresees "minimization" — a world of no more than 2,000 warheads — by 2025, and elimination of the weapons over an undefined period to follow.

"We did not feel it was practical to set a date" for elimination, said commission cochair Yoriko Kawaguchi, a former foreign minister.

She likened it to climbing a mountain and not seeing the top until halfway up, when one can better judge how to get there.

"It's not easy, but we will have to do it. We will have to change the world," she said. "If you go to Hiroshima, you realize the atrocity of nuclear weapons."

But "realists" have been quick to dismiss what a former U.S. defense secretary, Harold Brown, calls the "practical impossibility" of zero nukes.

For starters, they say, Russia, China, India, Pakistan and France, each for its own reasons, would resist giving up their arsenals — Russia, for example, out of concern about a large U.S. conventional military advantage. They argue, too, that such countries as Germany and Japan,

reliant on U.S. nuclear protection, would be tempted to build their own if they saw the U.S. moving to dismantle its weapons.

Abolitionists counter that progress clearly depends on political will and leadership to overcome such nationalistic concerns.

"One thing we have learned is that working just on the basis of self-interest, this does not work," Gorbachev said in a 2009 interview. If the U.S. and Russia together take the lead, he said, "then the next steps will come from other countries."

As for detecting secret bomb programs and verifying warhead dismantlement, proponents say the science of verification — through atmospheric sampling, satellite imaging, seismic monitoring and other tools — has advanced to a state of high confidence. And the U.N.'s nuclear watchdog, the International Atomic Energy Agency, would have to be given greater powers of on-site inspection, they say.

Who would enforce a nuke-free world?

The ultimate authority, the U.N. Security Council, is often paralyzed when one of its five permanent members, the major nuclear powers, wields its veto power.

Nobuyasu Abe, former U.N. disarmament chief, suggests that under a nuclear ban the five agree not to exercise the veto in the case of an illicit nuclear "breakout."

"If some other country is getting nuclear weapons, they're then agreed to take strong action against it," Abe said.

"Strong action," besides economic or political isolation, might take another, forceful route — resort to a residual nuclear option, the ability to quickly reconstitute atomic weapons to counter a looming nuclear threat. In that sense, whether under control of national or international authorities, the weapons might be gone, but not forgotten.

In the end, champions and critics of "zero nukes" both say, the greatest obstacle lies in the regional clashes that keep the world on edge and nations building nuclear arsenals: India and Pakistan over Kashmir; Israel in its standoff with the Arabs; hostility between the U.S. and North Korea and Iran; the China-Taiwan impasse.

Easing such crises must come first, many say.

"Disarmament is important, but a safer world is more important," said France's Eric Danon, a veteran of disarmament diplomacy.

Abolitionists, on the other hand, hope steady progress and rising demand to eliminate nuclear weapons will in itself help move the world to resolve these disputes.

"I don't think we are sure the world will be stable enough," Kawaguchi acknowledged. "That's why you have to go step by step."

They're also unsure whether the world is aware enough.

"There are probably generations who haven't even seen the images of Hiroshima and Nagasaki," Queen Noor said. "And so they don't have any sense of the reality of what this is."

Even 65 years later, that reality can seem unreal.

When the A-bomb exploded 600 meters above Shima Hospital at 8:15 a.m. on Aug. 6, 1945, its rays doused central Hiroshima with heat reaching more than 3,000 degrees, twice what's needed to melt iron.

Wind from the blast reached 440 meters per second, the force of five Category-5 hurricanes.

Death and devastation were instantaneous. Trees, wooden houses, people were suddenly ash, leaving a scorched, empty plain for 2 km in all directions.

"Just gray ash desert," recalled Keijiro Matsushima, 81, who survived the collapse of his school outside the worst-hit zone.

All that day, he remembered, a "procession of ghosts" slowly emerged from Hiroshima's flaming core, "burned people like smoked and broiled pigs, faces all damaged and swollen up, the skin nearly peeling off," people doomed to die within hours, and many others to die from radiation poisoning in the weeks to come.

"I want more and more people in the world to know the horrible reality of nuclear weapons," said Matsushima, a retired high school English teacher who leads an abolitionist group of educators.

Robert "Bo" Jacobs tries to give American visitors a sense of that reality as he leads them through Peace Memorial Park, past poignant monuments, past the Flame of Peace, to be extinguished only when the weapons are.

In the centerpiece museum, "most people are stunned" at the scale of 1945's devastation, said Jacobs, an American researcher-author at the Hiroshima Peace Institute. He then explains to them that Hiroshima's A-bomb pales beside the power of today's thermonuclear weapons.

"I don't think anybody really can grasp that scale," he said.

One who might begin to grasp it, with thousands of potential Hiroshimas under his command, is the president of the United States.

Obama told a Japanese interviewer last November he "would be honored" to visit Hiroshima and Nagasaki. He'll have his chance: The annual Asia-Pacific summit is scheduled for Nov. 13 and

14 in Yokohama, just when Nobel Peace Prize laureates are gathering in Hiroshima, an hour's flight away. Obama qualifies for both meetings.

Meanwhile, Ambassador John Roos attended the Aug. 6 anniversary events in Hiroshima, in the first-ever official U.S. involvement, a signal that Washington is ready for a role memorializing Hiroshima's victims. "We must continue to work together to realize a world without nuclear weapons," Roos said in a statement issued Aug. 6.

To the hibakusha, Obama "is the leader of the 'Obamajority' abolition movement," said Steven L. Leeper, a longtime American resident of Japan who heads Hiroshima's peace park and museum foundation.

November "is an opportunity for him to do something amazing," Leeper said.

But the hibakusha know an Obama visit might produce a U.S. political backlash. "It won't be easy for him to decide to come to Hiroshima," Okada said.

They know, too, that attaining their ultimate goal, abolishing nuclear weapons, also won't be easy.

"Each country is selfish, after all. They want to defend themselves," Matsushima said. Being "a kind of realist," the old teacher said, he had "thought and thought" about abolition, "and I concluded it would be very, very difficult."

Tranquil and green, crisscrossed by visiting schoolchildren, Hiroshima's peace park spreads over a point of river delta where, on that day 65 years ago, crazed and desperate parents searched in vain for thousands of children who had been brought to the city center to help clear firebreaks.

It's where for days afterward Hiroshima's burned, numbed, sick survivors piled unrecognizable human remains atop cremation pyres. It's where Okada's 12-year-old sister vanished in that morning's vaporizing heat, as hot as the surface of the sun.

A lifetime later, this quiet, subdued grandmother looked back.

"We have to protect our Earth, so our children and grandchildren will never suffer like that," she said. And she looked ahead.

"Maybe nuclear weapons won't be abolished while I'm alive," she said. "But I will never give up."

Japanese hostage freed in Colombia

SAO PAULO--A 68-year-old Japanese man kidnapped in March by leftist guerrillas in Colombia was freed after a fierce gun battle and aerial bombardment Sunday.

Police rescued Masao Tsutsui, who runs a horticulture operation, following an assault on a hideout of the Revolutionary Armed Forces of Colombia (FARC).

Tsutsui immigrated from Kochi Prefecture in the 1960s. He was not injured, police said.

A special police kidnap unit located Tsutsui in suburban Cali in western Colombia.

Police arrested a male FARC rebel who served as lookout and a woman who lured Tsutsui from his horticulture station. Tsutsui went missing March 23 after he drove off in a van with the woman to deliver plants she had purchased.

Colombian authorities said Tsutsui was abducted by a crime syndicate for ransom and handed over to FARC. The rebels initially demanded 1 billion pesos (about 47 million yen, or \$547,660), and negotiations stalled.

Colombian President Juan Manuel Santos, who took office Aug. 7, has made eradicating the rebels a priority.

Kidnap cases involving foreigners, a lucrative source of funds for left-wing movements, have occurred frequently in Colombia.

Kan happy to keep Ozawa out in cold

As veteran politician Ichiro Ozawa apparently maneuvers to make a political comeback, Prime Minister Naoto Kan seems just as determined to thwart it.

Kan, 63, had made clear he will not reinstate Ozawa, 68, to his old post of secretary-general of the Democratic Party of Japan if he wins the party's leadership election next month, sources said Monday.

Kan and Ozawa have kept their distance since the former became prime minister in June and the latter resigned just days prior to that. People close to Kan are advising him to strengthen his leadership base by denying the DPJ heavyweight the chance to again serve in the party's No. 2 post, the sources said.

They noted that public anger over Ozawa's role in a money scandal remains strong since it led to three of his aides being indicted while Ozawa himself has as yet refused to offer an explanation in the Diet for his involvement.

On Sunday night, Kan told Chief Cabinet Secretary Yoshito Sengoku and other key party members: "We have to seriously think about what is expected of political parties since they are essentially 'public properties.'"

Kan's remark points to a deliberate strategy to seize the advantage from Ozawa in the lead-up to the party's presidential election. Whoever wins the ballot becomes prime minister due to the DPJ majority in the Lower House.

Kan, in a recent chat with lawmakers he regards as allies, lashed out at Ozawa by declaring that "no one should be allowed to create a faction within the party by using the party's funds."

Since 2006, Ozawa had served as party leader, as acting leader in charge of elections and as secretary-general. He had the power to decide which candidates to endorse on the party ticket and discretion over the use of party funds.

He instructed candidates on how to run their election campaigns and commanded a loyal following, which dramatically increased his influence. He is believed to have the backing of around 150 lawmakers in the party, making him a force still to be reckoned with.

Some lawmakers of an intra-party group headed by Ozawa are insisting that Ozawa be appointed to an important party post, preferably as secretary-general, irrespective of the outcome of September's party presidential election.

Kan's decision not to depend on Ozawa could intensify the conflict in the party.

It is not only members of the Ozawa bloc that are demanding recognition for the political veteran. A group led by Kan's predecessor, Yukio Hatoyama, is also pushing hard for Ozawa to throw his hat into the ring for the election next month. They say that even if he loses or does not run himself, he should still be named to a key party post.

Kazuhiro Haraguchi, minister of internal affairs and communications, said in a television program on Sunday: "The question is, can we overcome the current difficult situation without using a big hatchet, which is Ozawa?"

Some lawmakers close to Kan fear that if Ozawa runs in the election, Kan could be driven into a corner.

For this reason alone, one veteran lawmaker said, "Kan should ask Ozawa to assume the post of secretary-general and seek his cooperation in the party presidential election and subsequent management of the party."

However, lawmakers who supported Kan in the party presidential election held in June fear that if Ozawa is allowed to exert his influence, he will decide on the party's personnel appointments and exercise veto power on the use of party funds.

Those lawmakers include Seiji Maehara, minister of land, infrastructure, transport and tourism, and Finance Minister Yoshihiko Noda.

With all the jockeying going on, Kan is apparently seeking to solidify his support by making clear that naming Ozawa to an important post is a non-starter.

One reason for this is that public support for Kan in terms of his distance from Ozawa have started to rise.

A recent Asahi Shimbun survey found that 69 percent of respondents said it is better for Kan to keep his distance from Ozawa. Moreover, 78 percent of respondents in the survey conducted Aug. 7 and 8 said it is not desirable for Ozawa to strengthen his influence in the party.

The survey results emboldened Kan and his supporters. They now believe he does not have to depend on Ozawa and has a good shot at winning the party presidential election, which will allow him to continue to manage the reins of government.

An aide to Kan noted that even if the prime minister appointed Ozawa to an important post, he would face a deadlock in Diet proceedings if the support rate for his Cabinet drops.

Prime minister's job taken lightly

Chinese writer Yang Yi, who won the prestigious Akutagawa Prize in 2008 for a novel she wrote in Japanese, considers Japan a "mature" nation for having ruling and opposition parties that check each other.

But she says she is surprised to find the prime minister's post taken so lightly.

Having lived in Japan since 1987, Yang, 46, offered her views on politics in Japan compared with China in an Asahi Shimbun interview. Excerpts follow.

* * *

Question: In your award-winning novel "Toki ga Nijimu Asa" (Morning when time bleeds), which takes its theme from the 1989 Tiananmen Square incident, one character says, "Maintaining one-party rule means an autocratic state." How do you view politics in China and Japan?

Answer: I think in 1989, no Chinese, including myself, had a real understanding of democratization. With people adoring an affluent United States, the movement may have gone out of control after starting on the wrong notion that a regime change would help China become like the United States.

The path to democracy differs from country to country. A majority cannot always be right, so I think it is better to have both ruling and opposition parties. In that sense, Japan is a very mature nation.

Q: Should China further pursue democracy?

A: China has too many people. Until they become able to eat to their full, it will be a little risky if there isn't some kind of strong control. For China today, the most important thing is to change politics little by little while maintaining domestic stability. It would be difficult to suddenly have democracy in China.

Q: Your family were forced into labor in a farming village during the Cultural Revolution. What do you remember of that time?

A: In those days, you were in big trouble if you complained. Ears were everywhere (to inform the authorities). Words were something that only tormented us. Nowadays, unless you speak ill of the Communist Party, you can criticize politics to some extent. The Japanese media are critical of China, but to those of us who lived in old China, it's like a dream it has come this far.

Q: Having lived in Japan for more than 20 years, would you like to be involved in politics as a voter?

A: If I want to gain the right to vote, I will become naturalized--but I don't want that. If war should occur and every Japanese had to fight, would I die for Japan? I don't think so. I would quickly flee. Rights and duty are tied together, so I do not want the right to vote even though I pay taxes.

Q: What's the greatest difference between politicians in Japan and China?

A: There have been frequent switches of prime ministers (in Japan) in recent years. Is the prime minister's post so lightweight? I suspect the (prime ministers) may be satisfied just to get in. In the Chinese view, a politician must be ready to stake his or her life. If you should fail, not only your life, but also your family would be at risk.

Q: So do you think Japanese politicians lack firm resolve?

A: Politicians must watch not just their footing, but also look at least five years ahead. Frequent changes of prime ministers may be seen as a sign of a working democracy, but it seems the worst feature of democracy has come out in Japan. Isn't it turning into a vicious circle?

The people should be ready to entrust the Democratic Party of Japan for four years without complaining about every detail once it took power after an election.

Japan recovered from the war and built up its economic foundations, but everything could collapse if this situation continues.

Economic Front

Nearly 80% of firms predict slowdown: poll

Kyodo News

Nearly 80 percent of 107 major companies expect Japan's economy to weaken soon, although 70 percent see it expanding at the moment, a survey said Sunday.

Concern about economic trends in the United States, Europe and China, and the appreciation of the yen are among the factors being blamed for the gloomy near-term outlook in Japan, the Kyodo News survey said.

Kyodo polled top executives at 107 leading companies, including Canon Inc., Nintendo Co., Nippon Steel Corp., Nomura Holdings Inc., Mitsubishi UFJ Financial Group Inc., Sony Corp. and Toyota Motor Corp., between late July and early this month.

Among them, 74 companies said the economy is "gradually expanding" while one saw it as "expanding."

The finding reflects a considerable improvement in business sentiment because 31 of the 109 companies who took the previous survey at the end of 2009 said the economy was "gradually expanding."

Answering a multiple-response question about the factors underpinning the economy, 87 companies referred to growth in China and other emerging economies, while 66 cited government programs aimed at stimulating personal consumption, such as the "eco-point" system for environment-friendly products.

But 84 companies were concerned economic activity could slow in the near future, including two that voiced "grave" concern.

Asked when they expect the economy to begin winding down, 28 companies listed the October-December quarter, compared with 25 that said January-March 2011.

Among reasons for concern, several said overseas economic trends were a worry, with 47 pointing to the United States, 43 to Europe and 36 to China and other emerging economies.

Also, 44 firms fretted about the yen's strength and 34 said stimulus measures were running out of steam.

The survey also found that 52 companies supported hiking the consumption tax rate to 10 percent or higher from 5 percent now, including 16 that favored boosting it to 15 percent.

South Korea to surpass Japan in average income by 2031

South Korea will surpass Japan in economic output per capita in 2031, a major international economics organization said Friday.

IHS Global Insight said that GDP per capita in Korea will reach \$72,432 in 2031, exceeding Japan's \$71,788.

The agency said Japan's per capita GDP this year of \$41,631 will be more than double Korea's \$20,715, but added that Korea will narrow this gap in future years and overtake Japan in 2031. Korea is expected then to widen its lead over Japan, with the country's GDP per capita reaching \$86,129 in 2035, compared to Japan's \$79,694. By 2040, the economic output per person will be \$109,617 to Japan's \$88,575.

Goldman Sachs had previously predicted in 2008 that Korea's per capita GDP would exceed Japan's in 2050 and would put it second in the world in that category. The Global Insight study moves the timeline forward by nearly 20 years.

Lee Ji-pyong, chief economist at LG Economic Research Institute and an expert on the Japanese economy, said, "IHS Global Insight apparently made this prediction by comprehensively considering exports, consumption, investment, savings, productivity and technological advances as well as economic growth rates and population growth trends."

"Japan, whose population is more than double that of Korea, will lead Korea in overall GDP in 2031, but the fact that Korea's per capita GDP will top Japan's is very significant economically in and of itself," Lee said.

Global Insight gathered comprehensive information on 170 industrial sectors in around 200 nations worldwide, and analyzed them by using its expertise and quantitative models, before announcing the resulting economic indicators and other data.

South Korea-Overtaking Japan for the first time in 211 years

According to the Groningen Growth and Development Centre of Groningen University in the Netherlands, which calculates historical economic indicators, Japan's per capita GDP in 1700 was \$570 based on purchasing power parity.

China's was a reported \$600 the same year, a level similar to Korea's. Japan saw exponential economic growth in the 18th century by expanding trade with European nations, including Portugal and Spain. At the time, European records contained warnings like, "Don't show anything to the Japanese. They copy things amazingly fast."

According to the center, Japan's per capita GDP was \$669 in 1820 and began to overtake those of China and Korea (\$600). If Korea overtakes Japan in per capita GDP in 2031, it will have done so for the first time in 211 years.

-Waning Japan being chased by Korea

"The Japanese economy faces serious hardships. Japan's economic status has deteriorated on the global stage, and individual prosperity is also declining."

Such phrases are often found in numerous documents published by Japan's economy-related agencies, including the Economy, Trade and Industry Ministry. Various figures also confirm the trend of Korea's rise and Japan's fall.

The portion of Japan's GDP in the global economy declined from 14.3 percent in 1990 to 8.9 percent in 2008. In the annual rankings of national economic competitiveness of the Switzerland-based think tank IMD, Japan also fell from first in 1990 to 27th this year.

Korea beat Japan for the first time in the IMD study by placing 23rd this year, Korea's highest ranking in the survey's history.

Experts on the Japanese economy say Tokyo failed to strengthen its manufacturing industry, one of its most competitive sectors, through a very low interest rate policy to overcome a prolonged recession of the 1990s.

Compounding Japan's problems was a falling population resulting from a low birth rate and a rapidly aging society. These factors caused overall economic vitality to wane.

In comparison, the Korean economy grew 0.2 percent last year despite the global financial crisis and is expected to expand at the 6-percent level this year.

Hwang In-hak, chief of the industry division at the Federation of Korean Industries, said, "While Japan, which had inflicted hardship on Korea in the past, continued robust growth, Korean companies and people developed a strong competitive spirit and grew determined to overtake Japan. To a certain extent, this spirit has served as a mental catalyst for spurring the Korean economy until today."

Critics, however, express doubts over the predictions and call them overly rosy. A senior official at a Korean economy-related agency said, "We have tall barriers to overcome, including Japan's world-class competitiveness in parts and components, ample cultural content, the Japanese people's recognition of their country as an advanced nation, and Korea's serious trade deficit with Japan."

These voices say Korea can overtake Japan only by developing a new growth paradigm to replace the virtuous growth cycle, which broke down following the Asian financial crisis.

Japan's unadjusted Q2 GDP less than China's--government

TOKYO--Japan's second-quarter GDP was less than China's before seasonal adjustments, government data showed on Monday, underscoring expectations that China will overtake Japan as the world's second-largest economy this year.

Japan's second-quarter unadjusted GDP totaled \$1.2883 trillion on a nominal dollar basis, against China's second-quarter unadjusted GDP of \$1.3369 trillion, an estimate by Japan's Cabinet Office showed.

But Keisuke Tsumura, a parliamentary secretary at the Cabinet Office, told reporters that it would be misleading simply to compare quarterly growth figures for Asia's economic powerhouses, with a release from the Cabinet Office indicating that China does not release seasonally adjusted figures.

"It would be correct and fair to compare the figures for the whole year," Tsumura said. "It will be very misleading to simply compare quarterly figures."

In the first six months of 2010, Japan's GDP before seasonal adjustments totaled \$2.5871 trillion, surpassing China's \$2.5325 trillion.

People have been expecting the Chinese economy to grow at a rapid pace and become physically larger than Japan for many years, so it is not a surprise," said Robert Feldman, chief economist at Morgan Stanley MUFG Securities in Tokyo.

"The issue is whether this will be a trigger for policy changes in Japan," he said, although he added that in the short-term, domestic political considerations were paramount as Prime Minister Naoto Kan struggles with a hung parliament and a potential leadership challenge from his own party.

"It will be used as a tool in the debate in Japan, but is not the essence of the debate itself. The debate is whether they want a growth strategy that hurts vested interests but will help the economy overall," Feldman said.

China's top currency regulator had said on July 30 that his country had already overtaken Japan as the world's second-biggest economy.

China's nominal GDP was 34.0507 trillion yuan (\$5.013 trillion) in 2009, compared with Japan's nominal GDP of 474.303 trillion yen (\$5.503 trillion), data from the two governments showed.

China's per capita income of about \$3,800 a year is still a fraction of Japan's or America's, but China's economic ascent is gradually translating into clout on the world stage, even as Japan's influence appears to fade.

FTA with India on track by year's end

Kyodo News

Japan and India are expected to reach a free-trade agreement by the end of this year, sources said Tuesday.

It will mark the 12th such trade deal for Japan and the first since the Democratic Party of Japan-led coalition took power last year.

Through the arrangement, Japan aims to stimulate economic growth by boosting exports of vehicle parts and other products to India, whose 1.2 billion people make it the world's second-most populous market after China.

The trade deal, however, has not been free of problems. It hit a snag after New Delhi demanded that Tokyo ease procedural rules on authorizing the sales of foreign drugs in Japan, especially low-cost generic drugs, Japanese officials said.

Nevertheless, the two sides eventually cut a deal by expressing willingness to accommodate each other, the officials said.

Working-level talks will be completed next month, and Prime Minister Naoto Kan and his Indian counterpart, Manmohan Singh, will strike a broad-based trade agreement when Singh visits Tokyo this autumn, they said.

According to the Foreign Ministry, Japan's trade with India constituted only 0.9 percent in overall value terms as of fiscal 2008, even though Japanese manufacturers, led by carmakers, want to expand production in the subcontinent.

After the India deal, Japan hopes to strike similar trade agreements with South Korea and Peru.

Pre-'45 posts accounts top ¥4 billion

19 million from war zones yet to claim savings

NAGOYA (Kyodo) Japan Post Bank Co. is holding about ¥4.3 billion, including accrued interest, in nearly 19 million unclaimed savings accounts that were established in Japanese-administered territories up until 1945, sources said Wednesday.

The statute of limitations has been suspended on the accounts because of the difficulty in tracking down the holders, who range from Japanese civilians and military personnel to locals living in former Japanese-occupied territories, including Taiwan, the Korean Peninsula and areas involved in wartime hostilities. Many holders are no longer living, the sources said.

Most of the money, with the accumulating interest, is expected to remain with Japan Post Bank Co., they said.

The government has been urged to work more aggressively to publicize the issue of unclaimed savings so the holders, their heirs or next of kin or agents can claim them.

The government had encouraged people not only in Japan but also in areas under its colonial rule and wartime occupation to deposit their money in postal savings as part of its efforts to secure money for the war effort.

According to the Management Organization for Postal Savings and Postal Life Insurance, the institution administering the accounts, they were opened in China, the Korean Peninsula, Southeast Asia and some Pacific islands.

They include about 18 million accounts opened by civilians, with a total balance reaching about ¥2.2 billion, and about 700,000 accounts opened by military personnel at post offices in army-occupied zones and on warships, totaling about ¥2.1 billion.

The actual depositors, their heirs or designated agents would be the ones eligible to withdraw the money, but most would technically need a passbook.

The civilian accounts would require passbooks, but military accounts would only need, for example, a certificate showing proof of military service in the area where an account was opened.

Passbooks for many of the accounts, however, were confiscated at customs stations when Japanese returned home from former occupied areas, according to the management organization.

Basically, all foreign stakeholders are entitled to withdraw their savings except South Koreans, who are excluded under the Japan-South Korea basic treaty.

As for Taiwanese, Japan took special measures between 1995 and 2000 to reimburse them for postal savings and other determinate obligations at 120 times the value of their actual amounts as part of reparations.

GDP growth slows; new strategies needed

The pace of recovery of the Japanese economy slowed substantially in the April-June period, dragged down by lackluster consumer spending.

The growth of gross domestic product, released by the Cabinet Office on Monday, was an annualized 0.4 percent during the quarter, far smaller than forecasts by private research institutes.

Preliminary figures showed that consumer spending, which accounts for nearly 60 percent of the GDP, has drastically slowed.

While exports helped to sustain the domestic economy, those to Asia are now dropping off from their previous high levels.

The business performance of leading companies had been recovering on the strength of exports. But those same companies have not increased their investment in plant and equipment, or new hires, in Japan.

Real GDP, which does not reflect price fluctuations, increased 0.1 percent in the April-June period from the previous quarter on a seasonally adjusted basis.

As for the prospects of demand from overseas, Hideki Matsumura, a senior researcher at the Japan Research Institute, said: "China is moving to adjust inventory. So, exports will very likely slow down from now on."

The appreciation of the yen against other major currencies was another factor.

"The mind-set among companies with regard to making investments is deteriorating sharply," said Yuichi Kodama, chief economist at Meiji Yasuda Life Insurance Co. "Because of this, the amount of investment in plant and equipment will be smaller than anticipated."

According to a fiscal 2010 survey by the Development Bank of Japan, projected domestic investment in plant and equipment planned by all industries in Japan stood at 17.4549 trillion yen (\$203.3 billion), up 6.8 percent from fiscal 2009. It was the first such increase in three years.

However, overseas investment by companies increased by 35.1 percent, far exceeding the domestic growth rate. In particular, leading Japanese manufacturing industries are focusing on overseas markets where growth rates for automobiles and electric appliances are at 44 percent and 55.5 percent, respectively.

In July, Nissan Motor Co. began to import and market in Japan new models of its main mass-produced car, March, which was manufactured in Thailand. The carmaker plans to spend 360 billion yen on investment in plant and equipment in fiscal 2010, up 30 percent from fiscal 2009. Much of that amount is earmarked for overseas.

Major companies, especially those in the automobile and electric appliance industries, are consolidating their position by transferring production bases and sales networks overseas, particularly to emerging economies, where strong economic growth is expected.

The appreciation of the yen against the U.S. dollar and the euro, triggered by the fiscal crisis in Europe and a slowing of the U.S. economy, was a key factor in decisions by Japanese companies to transfer production and other activities overseas.

If the Japanese economy is to lessen its dependence on external demand, companies will have to build plants in Japan, increase employment and pay higher wages.

That will spur consumer spending. The cycle is indispensable.

But that will not happen if companies continue to transfer their investment in plant and equipment overseas.

BOJ May Expand Corporate Loan Program to Help Weaken Yen, Sankei Reports

By Tak Kumakura - Thu Aug 19 01:10:14 GMT 2010

The Bank of Japan may expand a bank lending program to lower interest rates and help weaken the yen, the Sankei newspaper reported, without saying where it got the information.

The central bank may increase the credit facility for lenders to 30 trillion yen (\$351 billion) from 20 trillion yen, the newspaper said. The duration of the loans may also be increased to six months from three months, possibly at an emergency policy meeting before Prime Minister Naoto Kan meets BOJ Governor Masaaki Shirakawa next week, the report said.

Japanese policy makers are facing pressure to support the economy as the yen's climb to a 15-year high against the dollar threatens to erode exporters' earnings and fuel deflation. Kan asked ministers to consider fresh measures after a report this week showed gross domestic product barely grew last quarter.

The Bank of Japan, which maintained its benchmark interest rate at 0.1 percent and kept monetary policy unchanged last week, introduced the bank lending program in December after the yen surged and stocks fell. Shirakawa and Kan may meet on Aug. 23 to discuss the currency, Fuji Television reported on Aug. 17.

The yen traded at 85.53 per dollar at 10:06 a.m. in Tokyo, after reaching 84.73 on Aug. 11, the highest level since July 1995. The Nikkei 225 Stock Average rose 0.4 percent, heading for its second daily advance.

Finance Minister Yoshihiko Noda told reporters in Tokyo today that he will continue to monitor financial markets closely. Noda said last week that "excessive" currency moves can hurt the economy and he pledged to work with Shirakawa.

Bank of Japan officials don't think the yen's rise poses an imminent threat to the economy, Dow Jones Newswires reported on Aug. 17, citing people familiar with the bank's thinking it didn't identify. Political pressure or a surge in the currency could prompt them to consider additional steps, the report said.

Economic growth slowed to an annual 0.4 percent pace in the three months ended June 30, Cabinet Office figures showed this week. The slowdown put Japan behind China as the world's second-largest economy in the period.

Mazda to recall 500,000 cars for power-steering flaw

TOKYO Aug 19 (Reuters) - Mazda Motor Corp (7261.T) expects to recall more than half a million vehicles worldwide due to power-steering flaws, a company spokesman said, its largest recall ever as Japanese carmakers come under rising scrutiny for quality problems.

The automaker has filed applications with local authorities to recall 215,000 vehicles in the United States and more than 10,000 in China, and now plans to broaden the net to include major export markets such as Europe and Australia, the spokesman said, confirming a domestic media report.

The recalls, estimated at 514,000 vehicles, target the Axela and the Premacy, known in some markets as the Mazda3 and the Mazda5, manufactured in Japan from 2007 to 2008.

The vehicles could experience a sudden loss of power steering, increasing the risk of a crash.

The spokesman said there had been three accidents reported in the United States in connection with the defect but no deaths or injuries.

The company said rust could break loose from a high-pressure pipe, straining the power steering pump and causing the system to shut down.

Last year it remedied the problem for models in Japan after issuing an advisory.

Mazda's Tokyo-listed shares appeared little affected by the news, rising 1.6 percent to 197 yen compared with a 0.9 percent rise in Tokyo's transport equipment subindex .ITEQP.T.

Toyota Motor Corp (7203.T) has recalled more than 10 million vehicles since late last year due largely to problems with unintended acceleration that raised a storm of criticism in the United States.

It was fined a record \$16.4 million by the U.S. National Highway Traffic Safety Administration, the maximum then allowed, for moving too slowly to recall vehicles with defective accelerator pedals.

Japan govt to extend housing loan scheme - Nikkei

TOKYO Aug 19 (Reuters) - Japan's government will likely extend a low-interest, fixed-rate housing loan scheme by 15 months to help support the economy, the Nikkei business daily reported on Thursday, citing a source at the Land and Infrastructure Ministry.

The government introduced the programme, which reduces the rate paid on loans for eco-friendly and quake-resistant homes, in December as part of an economic stimulus package.

Sony unit offers to buy MBK Taiwan TV firm: report

TAIPEI (Reuters) - So-Net, the Internet unit of Japan's Sony Corp (6758.T), is offering T\$6 billion (\$188 million) for a Taiwan cable TV firm being sold by private equity firm MBK Partners, Taiwan's Commercial Times reported on Thursday.

Citing no sources, the business daily said Sony was looking to buy the cable content firm, Gala TV, to help push Japan's acTVila Internet-based, on-demand TV portal into the Taiwan market.

Gala TV and So-Net's Taiwan office declined to comment, the paper said.

MBK has put on sale its Taiwan cable TV operations, the biggest of which is China Network Systems Co (CNS), which could fetch some \$2 billion.

Taiwan's cable market has among the highest profit margins in the region, some analysts estimate, which is the main appeal of the asset to many private equity funds.

A high cable penetration rate of about 80 percent and steady cash flow also makes the industry attractive for investors.

Marubeni, International Power to Open \$2.8 Billion U.A.E. Plant This Year

By Ayesha Daya - Tue Aug 17 09:02:02 GMT 2010

Fujairah Asia Power Co., partly owned by International Power Plc of Britain and Japan's Marubeni Corp., plans later this year to open a \$2.8 billion power plant in the United Arab Emirates that will supply the world's third- largest port for refueling ships.

The 2,000-megawatt F2 plant in Fujairah on the country's eastern coast will use natural gas from Dolphin Energy Ltd., an Abu Dhabi state-controlled venture that started transporting gas in 2007 from neighboring Qatar to the U.A.E. and Oman.

"The entire plant is in commissioning and should be commercial before the end of the year," Steve Yarrington, executive managing director of Fujairah Asia, said in an Aug. 15 phone interview from Abu Dhabi. The F2 station will be able to burn either gas or fuel oil. "The intention is to run the plant on gas an extremely high percentage of the time," he said.

Demand for power is on the rise in Fujairah, one of seven sheikdoms comprising the U.A.E. The port is already a regional hub for refined products and bunker fuel, the main fuel for use in commercial ships. Only Singapore and Rotterdam are busier as bunkering ports.

Fujairah will soon become an export terminal for crude oil as well. Abu Dhabi, the country's capital, holds about 7 percent of the world's oil reserves and is building a 1.5 million barrel-a-day pipeline to export more than half of its crude via Fujairah, starting next year.

Bypassing Hormuz

The oil pipeline will enable tankers to bypass the Strait of Hormuz connecting the Persian Gulf and the Gulf of Oman. As much as 17 million barrels of crude a day passed through the strait in the first half of 2008, equal to 40 percent of all seaborne-traded oil, according to the U.S. Energy Information Administration, part of the Energy Department. The strait, located between Oman and Iran, is 34 kilometers (21 miles) wide at its narrowest point.

The U.A.E., the fourth-largest producer in the Organization of Petroleum Exporting Countries, has been importing gas from Qatar to help meet a domestic demand for electricity growing at about 10 percent a year. Qatar has the world's third-biggest gas reserves, behind Russia and Iran.

Abu Dhabi is also developing its own highly sulfuric gas reserves, with an estimated \$10 billion in investment. Last year it awarded a \$20 billion contract for nuclear power plants.

Regional Demand

Energy use in the Middle East overall may rise by 60 percent over the next 20 years, according to the Paris-based International Energy Agency. Kuwait began importing liquefied natural gas, or LNG, from suppliers such as Royal Dutch Shell Plc in 2009. Saudi Arabia, the world's biggest oil producer, has invited foreign companies including Shell and Lukoil OAO of Russia to help it explore for gas.

The F2 plant in Fujairah will be the largest in the U.A.E., where power demand is likely to double to 40,000 megawatts by 2020, Minister of State for Foreign Affairs Anwar Gargash said last year.

Dolphin's \$418 million gas pipeline extension to Fujairah from the town of Taweelah in Abu Dhabi will reach full capacity by December, the venture said in an e-mailed response to questions. The pipeline will be able to supply 350 million cubic feet a day of gas, enough for F2 and another plant already in operation in Fujairah called F1, Dolphin said.

Dolphin has contracted to take 2 billion cubic feet of gas a day from Qatar Petroleum. It receives the gas through an undersea pipeline and sends the bulk of it to Abu Dhabi Water and Electricity Co., Dubai Supply Authority and Oman Oil Co. Qatar Petroleum has at times temporarily increased the gas volumes that it sends through the undersea line, which has a capacity for as much as 3.2 billion cubic feet a day.

LNG to Dubai

In a separate contract starting in the fourth quarter, Shell will begin shipping LNG from Qatar to Dubai, the second-largest U.A.E. sheikhdom by gross domestic product. These LNG sales, together with slower demand growth as a result of the economic recession, should ensure that Dolphin has plenty of gas to supply the F2 plant as well as the venture's existing customers, said Thaddeus Malesa, an analyst in Dubai with PFC Energy, a consulting firm based in Washington.

“The question is what might happen in the next seven years,” Malesa said, “before nuclear plants start coming online, as Abu Dhabi expands rapidly with residential and industrial developments.”

Marubeni and International Power each own 20 percent of the F2 power station, with Abu Dhabi Water and Electricity Co. holding the remainder. GDF Suez SA, operator of Europe’s largest natural-gas network, agreed earlier this month to buy International Power. The F2 plant lies 20 kilometers north of Fujairah at Qidfa, about 280 kilometers northeast of Abu Dhabi.

Dolphin is 51 percent owned by Mubadala Development Co., with Total SA and Occidental Petroleum Corp. each holding 24.5 percent.

Mitsui Says Brazil Bullet-Train Auction Should Be Delayed, Seeks Partners

By Carla Simoes - Wed Aug 18 03:00:00 GMT 2010

Mitsui & Co., the company coordinating a Japanese group interested in bidding for the license to build and operate a high-speed train in Brazil, sees geological and demand risks in the project and said “ideally” the auction should be postponed.

“In the short term, there isn’t the slightest chance to deepen the study of the soil to mitigate this risk,” Masao Suzuki, vice-president of the company’s Brazilian unit, said in a telephone interview from Sao Paulo on Aug. 16. The bidding is set to begin on Dec. 16.

The Japanese Mitsui-led group wants to share the “various risks” of the project with the Brazilian government and local companies. “If eventually we do not participate, it wouldn’t be our sole decision. It would be a consensus of the group that will include Brazilian companies,” said Suzuki.

Brazil’s high-speed train will link the cities of Rio de Janeiro and Campinas via Sao Paulo. Korea, China, Germany, Italy, France and Spain are also interested in bidding, Transport Minister Paulo Sergio Passos said last month.

The most serious of the risks in the project is that of demand, Suzuki said. Studies carried out by the Japanese group show the train would have far fewer passengers than the 33 million a year the Brazilian government estimated. Suzuki declined to disclose the Japanese study.

The consortium includes Mitsubishi Heavy Industries Ltd., Toshiba Corp. and Hitachi Ltd, according to Seiji Nakatani, second secretary to Japan’s Ambassador in Brasilia.

Honda's Dream of U.S. Production Protects Profits as Yen Surges

By Alan Ohnsman - Fri Aug 20 00:33:39 GMT 2010

Anne Pochek looks at the window sticker on a 2010 Honda Accord sedan at AutoPark Honda dealership in Cary, North Carolina. Honda is on course to sell a record level of North American-

made autos this year, shielding it from the yen's advance toward a 15-year high against the dollar. Photographer: Jim R. Bounds/Bloomberg

Honda Motor Co. became the first Japanese automaker to build cars in the U.S. 28 years ago in part to fulfill a long-held goal of founder Soichiro Honda. The company's success in shifting production is shielding profits from the yen's advance to a 15-year high against the dollar.

A record 89 percent of Honda and Acura-brand autos sold in the U.S. through July were built in Tokyo-based Honda's plants in the U.S., Canada and Mexico, up from 82.2 percent a year earlier, the company said. Japanese rivals Toyota Motor Corp. and Nissan Motor Co. each made 68 percent of vehicles sold in the U.S. at North American plants, according to the carmakers.

"Honda's high rate of local production in the U.S. is a clear advantage," said Yoshihiro Okumura, who helps manage the equivalent of \$365 million at Chiba-Gin Asset Management Co. in Tokyo. "They'll benefit even more in the U.S. as the market recovers."

Japan's carmakers and other exporters are scrambling to cut costs, boost efficiency and shift production to cheaper regions to combat the yen's rise of at least 4.4 percent against the world's 16 major currencies this year. The yen traded at 85.25 against the U.S. dollar at 8:31 a.m. in Tokyo, down from 84.73 on Aug. 11, when it reached the highest since July 5, 1995.

Biggest Market

Japan's currency has gained about 8 percent against the dollar this year. North America, led by U.S. sales, is Honda's biggest market, generating nearly half its global revenue and operating income, according to the company.

Sales of Honda models imported from Japan plunged 35 percent to 75,357 during the first seven months of the year.

Honda fell 1.6 percent to 2,820 yen as of 9:07 a.m. in Tokyo trading. The shares have dropped about 9 percent this year, compared with Toyota's 22 percent decline and Nissan's 18 percent slide.

Every 1-yen gain by the Japanese currency against the dollar reduces annual operating profit by 16 billion yen (\$187 million) at Honda and by 30 billion yen at Toyota, the world's biggest carmaker, according to the companies. Both carmakers are basing their full-year earnings forecast on a rate of 90 yen per dollar.

Even as the high yen erodes overseas earnings that are repatriated to Japan, Honda raised its full-year profit forecast last month. It now expects net income of 455 billion yen in the year ending in March, compared with an earlier estimate of 340 billion yen. Toyota expects net income of 340 billion yen and Nissan forecasts net income of 150 billion yen.

Fourth-Largest

Since opening its first U.S. auto plant in Marysville, Ohio, in 1982, Honda has grown to become the fourth-largest automaker in the U.S. by sales, trailing General Motors Co., Ford Motor Co. and Toyota. Its six North American auto plants built 754,807 cars and light trucks in 2010's first seven months, up 43 percent from a year ago.

"For us, manufacturing in America was a long-term business decision," said Edward Miller, a Detroit-based spokesman for the company. "We don't make investment decisions based on short-term changes in business conditions."

Three decades ago, Honda didn't anticipate that opening U.S. plants would lead to long-term economic benefits, said Toshikata Amino, a former executive who helped set up the carmaker's first U.S. plants in the early 1980s.

1970s Study

"In the middle 1970s, Honda started a feasibility study about whether it could build vehicles -- motorcycles or cars -- in the U.S.," said Amino, who retired as Honda's executive vice president for North American manufacturing in 1995. "The yen was 280 or 300 to the dollar, so the currency situation was much more favorable for Japanese exporters. There was no economic incentive to come to the U.S. and set up manufacturing."

While there was some concern the U.S. might eventually restrict Japanese auto exports, Honda's main motivation was that it viewed local plants as necessary to maintain customer satisfaction and to fulfill an ambition of its founder, who died in 1992.

"It was his dream to have a U.S. auto plant," Amino said. "Many in Japan at that time thought it was a bad idea."

Along with boosting the regional production rate and importing fewer models to the U.S. from Japan, Honda also continues to expand purchases of auto parts and materials from North American suppliers, Miller said.

Last year, Honda bought \$13.3 billion of vehicle components from 590 North American suppliers, most in the U.S., according to company data. Within Ohio, home to two auto plants and Honda's main North American engine and transmission factories, the company bought \$5.5 billion of parts last year.

Long-Term Strategy

As a long-term strategy to ease the strong yen, Honda plans to boost the percentage of parts purchased overseas for car production in Japan from about 17 percent currently, Yoichi Hojo, Honda's chief financial officer, said in an interview this month. He declined to give a target for such purchases.

“Honda doesn’t have that much more room to boost U.S. production,” said Hiroshi Ataka, an analyst at consulting company IHS Global Insight in Tokyo. “The next step is cutting costs by bringing in more parts from developing countries,” though tariffs and regulations may limit those efforts.

Honda’s Japan-based competitors are also trying to scale back exports of lower-priced models to the U.S. and boost auto production within North America.

“Given the current exchange-rate situation, it isn’t feasible, in terms of a business model, for us to produce Corolla or Yaris in Japan and export them,” Atsushi Niimi, Toyota’s executive vice president for global manufacturing, said in an interview this month.

Lexus, Scion

Toyota sold 325,398 Toyota, Lexus and Scion models exported to the U.S. through July, 15 percent fewer than a year earlier.

Nissan, Japan’s third-largest automaker, recently moved production of its March small car out of Japan due in part to the nation’s rising currency. The company for the first time is making the March in Thailand for sale in Japan, and plans to build the car in Mexico in 2011. Yokohama-based Nissan is also investing \$600 million in its plants in Mexico to boost exports from that country to Latin America and the U.S.

As for Honda, “localizing in the U.S. was just something it was much more aggressive with much earlier on, and now it’s an advantage,” said economist Michael Smitka at Washington and Lee University in Lexington, Virginia, who studies Japan’s industrial policy. “Honda as far back as the 1960s, when it first started selling motorcycles abroad, learned about exchange-rate swings.”

Social Front:

Kyoto may ban child porn outright

KYOTO (Kyodo) The Kyoto Prefectural Government will launch a study with an eye to adopting an ordinance to step up regulations against child pornography, including banning the possession of pornographic images of children, local government officials said. The local government will set up a panel of lawyers, education officials, Internet service providers and other experts to soon study the planned ordinance, with a view to adopting it during fiscal 2011, which starts next April, the officials said Friday.

It would be the country's first local regulation specifically concerning child pornography. While the existing law on child prostitution and child pornography bans the possession of pornographic images of children for sale and other purposes, the planned ordinance is aimed at banning outright possession.

The panel will also work out measures on cooperation with Internet service providers to prevent the spread of child pornography and on protection and care for child victims.

Cities lay on feasts for storks and ibises

By YOSHIKAZU HIRAI THE ASAHI SHIMBUN

Local governments have launched a drive to create natural habitats for oriental storks and Japanese crested ibises, ahead of their release into the wild.

The two bird species, which are both designated as special natural treasures, feed on loaches, frogs and insects living in areas with shallow water such as rice paddies and swamps.

In July, 27 municipal governments in Chiba, Saitama, Ibaraki and Tochigi prefectures formed an alliance aimed at fostering those environments.

The city of Noda in Chiba Prefecture aims to start raising oriental storks in fiscal 2012 with a view to releasing them into the wild.

The city has already bought up unused rice fields along the Tonegawa river and is offering some of them to its citizens for use as organic farmland. Other areas have been reserved for specific plants and animals.

Abiko city, also in Chiba Prefecture, has been improving the water quality of the Teganuma swamp with the assistance of its citizens.

The 27 local governments will jointly ask the central government for support for a joint program to set up five or six special areas for raising the crested ibises and oriental storks, later to be released into the wild. Noda will set up the first special area in fiscal 2011.

"We want to establish strong cooperation among the municipal governments, so that the released storks will not have difficulty finding food in the areas they fly to," said Noda's mayor, Takashi Nemoto.

The municipalities also plan to sell organically grown rice, harvested from the protected fields, as brand agricultural products to help revitalize local economies.

'Pink Panther' fugitive in Tokyo jail for Ginza heist

Kyodo News

A Montenegrin member of the "Pink Panther" ring of thieves is now in custody in Tokyo in connection with a 2007 robbery at a Ginza jewelry shop, after being extradited from Spain, sources at the Metropolitan Police Department said.

Rifat Hadziahmetovic, 42, suspected of stealing a diamond tiara worth ¥200 million and other jewelry from the shop on June 14, 2007, has told the police he wishes to exercise his right to remain silent and not incriminate himself, according to the MPD.

The suspect arrived at Narita airport in the early afternoon, surrounded by about 10 police investigators who led him to a police vehicle. He was then taken to a police station in Tokyo.

Spain earlier agreed to hand him over to Japan and the two sides have been arranging for the extradition this month.

The Tokyo police sent investigators to Spain, where the suspect was handed over to them at an airport in Madrid. They then served an arrest warrant on Hadziahmetovic on Friday at a police station inside the airport.

Hadziahmetovic told the Japanese investigators then that he did not want to go to Japan and that he wanted to return to Montenegro, according to the police.

It is extremely rare for Japan to have a crime suspect extradited from a country with which it has not concluded an extradition treaty.

Japanese police normally serve a crime suspect held overseas with an arrest warrant on a Japan-bound plane after it has entered international airspace or after the plane has landed in Japan.

Spain had been holding him for his alleged involvement in a separate robbery, the police said, adding he was arrested in Cyprus in March 2009 for possessing a forged Bulgarian passport. Cyprus later extradited him to Spain.

Hadziahmetovic and his alleged accomplice, Radovan Jelusic, also a Montenegrin, are suspected of stealing the tiara and a necklace worth ¥84 million from the Exelco Diamond store after spraying tear gas at clerks.

A senior MPD official said the handover may have been realized because of a growing global movement to tackle the Pink Panthers, suggesting this helped Japan's negotiations with the Spanish government go smoothly.

Japan to join Hague child-custody treaty in '11

Move to return 'abducted' kids to home countries

Kyodo News

Japan will become a party to a global treaty on child custody as early as next year amid growing calls abroad for Tokyo to join it and help resolve custody problems resulting from failed international marriages, government sources said Saturday.

The government will develop domestic laws in line with the Hague Convention on the Civil Aspects of International Child Abduction, which provides a procedure for the prompt return of "abducted" children to their habitual country of residence and protects parental access rights, the sources said.

Complaints have been growing over cases in which a Japanese parent, often a mother, brings an offspring to Japan without the consent of the foreign parent, or regardless of custody determination in other countries, and denies the other parent access to the child.

Japan has come under pressure from the United States and European countries to join the 1980 treaty aimed at preventing one of the parents in a failed international marriage from taking their offspring across national borders against an existing child custody arrangement.

The government has judged it necessary to resolve the issue as soon as possible, since leaving it unresolved would undermine Japan's international standing, the sources said.

However, the government has yet to determine when to ratify the treaty, as it is expected to take time to develop related domestic laws because of differences in the legal systems of Japan and other signatory nations.

For example, on parental rights, Japan's law gives a single parent full custody of children in a divorce, virtually allowing the custodial parent to take the children away without the consent of the noncustodial parent, while the United States and Europe nations allow joint custody.

The Civil Code also does not mention visitation rights for noncustodial parents and many Japanese parents awarded custody are known to refuse the other parent access to the child.

Many civic groups active on the issue are urging the government to amend the Civil Code to allow joint custody but the government is set to forgo such an amendment at this stage, the sources said.

In January, ambassadors of the United States and seven other nations urged Japan to sign the Hague convention in a meeting with Foreign Minister Katsuya Okada in Tokyo.

The government set up a division in the Foreign Ministry to deal with the issue last December.

Labor Ministry to Expand Employment Program for New Graduates, Nikkei Says

By Fergus Maguire - Wed Aug 18 21:08:09 GMT 2010

Japan's Labor Ministry plans to expand an employment assistance program for new graduates to more than 10,000 individuals a year from 2,400 currently, Nikkei English News said, without citing anyone.

Under the program, the government pays subsidies for three months to companies that hire new graduates on a trial basis, the report said.

Medical expenses rise to new high

Kyodo News

Medical expenses climbed 3.5 percent to a record ¥35.3 trillion in the year ended in March, the seventh consecutive annual increase, the government said Monday.

The medical expenses of people aged 70 or older came to ¥15.5 trillion, accounting for 44 percent of the total, the Health, Labor and Welfare Ministry said.

Spending per person rose ¥10,000 to ¥276,000 overall, increasing ¥19,000 to ¥776,000 for people aged 70 and older, both marking all-time highs, the ministry said.

Heatstroke death toll rises to 132

31,579 rushed to hospitals nationwide since end of May

Kyodo News

The number of heatstroke victims rushed to hospitals between May 31 and Sunday totaled 31,579 nationwide, the Fire and Disaster Management Agency said Tuesday.

Among them, 132 people died of heatstroke shortly after being hospitalized, according to the agency's preliminary report.

In July alone, 17,680 people were taken to hospitals for heatstroke, of whom 94 died. Both figures were record highs for the month since the agency started compiling data in 2008.

August is seeing a continued high occurrence of heatstroke.

"Statistics are moving at the worst pace since 2008, when our agency began to compile relevant data, so we want people to remain alert. Late-summer heat is expected to stay intense," an agency official said.

Among those hospitalized, 1,170 people, or 3.7 percent, showed severe heatstroke symptoms upon arrival, and 11,266, or 35.7 percent, exhibited moderate symptoms, while 17,922 people, or 56.8 percent, had mild symptoms.

By age bracket, 47.7 percent were 65 or older.

The Meteorological Agency said intense heat waves continued to engulf a wide area of the archipelago Tuesday under the influence of a high-pressure ridge over the Pacific.

The mercury topped 35 for the third straight day in the Otemachi business district in central Tokyo, the agency said.

Experts advise drinking water and taking salt to avoid dehydration.

Yutaka Inaba, a professor of public hygiene at Jissen Women's University, said there is a misunderstanding that people suffer heatstroke only while outdoors. People are also at risk indoors as well, he said.

Elderly people tend not to drink enough water before going to bed because they don't want to have to go to the bathroom during the night, Inaba said, but they should take water or a sports drink before sleeping.

"A cup of water with a teaspoon of salt or with one 'umeboshi' (pickled plum) would help," he said.

Yoko Kajiwara, a professor of sports science at Bunkyo University, said many elderly people have died in their homes with the air conditioners turned off.

When the temperature is high, people should use air conditioners even just for a few hours when they sleep, she said.

2030 traffic projection cut 4.8%

Kyodo News

The transport ministry's projected volume of road traffic nationwide for 2030 has dropped 4.8 percent from a forecast released in November 2008 due to a new modeling method, it was learned Tuesday.

The reduction, coupled with falling revenues for public works projects, is likely to lead to scaled-back plans for new roads.

The revision is attributed mainly to a new method for calculating the distance traveled by vehicles, not expectations for economic slowdowns.

In estimating future traffic volume, the ministry uses a special scale — unit kilometer — that is calculated by multiplying the estimated number of automobiles in Japan by the estimated average number of kilometers driven per vehicle.

The ministry now assumes that future road construction will be limited due to a lack of government funds. As a consequence, the estimated average number of kilometers traveled per vehicle will be lower.

In the latest projections, traffic volume is forecast to fall 5.2 percent to 729 billion unit kilometers in 2020 and 7.3 percent to 713 billion vehicle kilometers in 2030 from the 769 billion unit kilometers in the 2005 base year.

That translates into a 3.6 percent drop from the 2008 projection for 2020 and a 4.8 percent fall from the 2030 projected.

The 2008 revision was made in response to criticism by the Democratic Party of Japan, when it was in the opposition camp, that previous projections had been exaggerated. The DPJ blamed the previous projections for being the main source of "wasteful" road construction projects.

'Anime' fans flock to aging Shiga school

OTSU, Shiga Pref. (Kyodo) A closed elementary school in the town of Toyosato, Shiga Prefecture, once on the verge of being demolished is now drawing hordes of fans who believe the historic structure is the model for a school in an "anime" story.

Crowds of more than 500 people a day have been visiting the building, which fans of "Keion!" ("Light Music!"), a TV series featuring a group of high school girls who join a school band, say resembles the fictional school.

The building, designed by U.S. architect William Vories and built in 1937, was due to be destroyed after the town government decided in 2001 to construct a new school building. However, opposition to the move led to the recall of the mayor.

"I came on a pilgrimage," a 23-year-old man from Tokyo said after arriving at the building following an eight-hour car ride with other fans he met via the Internet.

Fans taking pictures of themselves dressed as characters from the anime in blond wigs and school uniforms have become a common sight. Some write messages on blackboards in classrooms or leave figurines of the characters and guitars at the school.

The building is now used as a library and a gallery, and allows free access to visitors.

A weekend cafe in the former school's annex has also proved successful, attracting several hundred customers a day, said Hiroshi Miyagawa, 40, of the local chamber of commerce.