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Weekly report on South Korea & Japan

Report # 135

29th August 2010 to 4th August 2010

Presentation Date: 7th September 2010

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- Pension fund suffers loss of ¥3.59 trillion
- NEC sinks \$5 million in SomaLogic
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- Budget requests for 2011 hit all-time high of ¥96.75 trillion
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- Record 2,444 Internet crimes handled in first half
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- Japan's hottest August since 1946
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- Sumo cameras to search for yakuza

- Maruzen, China firm to sell manga e-book content
- Pro-Pyongyang schools may get tuition waiver
- Female execs still scarce after labor law debut

Summary of Report:

Korea

Politico-strategic Front:

GNP expels Rep. Kang for lewd remarks on women Lawmakers of the ruling Grand National Party (GNP) voted Thursday to expel Rep. Kang Yong-seok who was accused of making inappropriate sexual remarks at a gathering with university students.

Seoul to delay fighter jet program Budget constraints, post-Cheonan priority readjustment blamed: A major fighter jet acquisition program originally scheduled for 2011 is likely to be pushed back by a year due to budget constraints and a readjustment of priorities in the wake of the sinking of the frigate Cheonan on March 26, according to defense officials Wednesday.

Top envoys to meet US officials over resumption of nuclear talks The chief nuclear envoys of China and South Korea are expected to meet separately this week with senior U.S. officials in Washington, D.C. to discuss the resumption of the six-party talks on North Korea's denuclearization, amid a flurry of diplomacy among involved parties.

Seoul to lead e-government organization Seoul City leads in the development of electronic government based on state-of-the-art technologies and an organization of e-governments will be founded in the city next month. The inaugural assembly of World e-Governments Organization of Cities and Local Governments (WEGO) will be held at Grand Hyatt Seoul from Sept. 6 to 8. Seoul City will chair WEGO for the first time.

Lee to visit Russia next week for summit President Lee Myung-bak will visit Russia next week to hold a summit with President Dmitry Medvedev and attend an international conference, Lee's office announced Wednesday. The meeting will be their fourth summit.

Obama Widens North Korea Sanctions on Nuclear Funding Obama widened U.S. financial sanctions on North Korea today in an effort to cut off sources of income that fund the nuclear weapons program of the regime's leader, Kim Jong Il. Those blacklisted bought luxury goods on behalf of the regime and are suspected of drug trafficking, money laundering and currency counterfeiting, the U.S. said.

ROK, US to hold joint naval drills in West Sea Sept. 5-9 South Korea and the United States will conduct joint anti-submarine exercise next week in the West Sea where the South Korean Navy's ship the Cheonan was sunk by a North Korean torpedo attack in March.

Kim Jong-il is "healthy" North Korea's aged leader may be healthier than what the outside world suspects him to be, eyewitness accounts of people who saw him during the leader's China visit, showed. the Chosun Ilbo newspaper was able to interview some employees of a Chinese hotel where Kim had stayed. The workers of the Wusong Hotel in Jilin, a northeastern city near the North Korean border, said Kim looked healthy.

South Korea's Lee Suffers Latest Blow as Premier-Nominee Quits South Korean President Lee Myung Bak suffered the latest blow to his administration after his choice for prime minister withdrew amid allegations of corruption less than three weeks after being nominated.

North Korean Congress May Discuss Kim's Successor North Korea is preparing its biggest political gathering in 30 years, drawing parallels with the 1980 summit that ensured Kim Jong Il's succession amid speculation he will transfer power to his youngest son.

Cheonan incident to test Korea-Russia ties One of the purported purposes of President Lee Myung-bak's scheduled visit to Russia is to deepen Seoul's strategic partnership and economic relations with the nation. However, there is one underlying question: Will Russia share details of its own investigation into the sinking of the South Korean naval vessel Cheonan last March?

Lee orders probe into hiring of foreign minister's daughter President Lee Myung-bak directed his aides, Friday, to investigate why the Ministry of Foreign Affairs and Trade hired the daughter of its chief, Minister Yu Myung-hwan, as a trade expert. The ministry's recruitment process is now being scrutinized.

Korea, US to hold joint naval drills from Sunday South Korea and the United States will launch a new round of joint naval drills Sunday off the west coast of the Korean Peninsula, the second in a series of planned combined military maneuvers following the Cheonan incident in March, military officials said Friday.

Economic Front:

S. Korea GS E&C wins \$620 mln UAE pipeline order South Korea's GS Engineering & Construction Co. Ltd (006360.KS) said on Thursday it had won a \$620 million oil pipeline contract from the United Arab Emirates. GS will build a 910 km (565.4 miles) long pipeline for Takreer, a unit of Abu Dhabi National Oil Company, by 2014, it said in a statement.

South Korea Says it Will Take 'Pre-emptive Action' to Limit Price Growth South Korea will take steps to limit consumer price growth and curb inflation expectations, President Lee Myung

Bak's government said, after the nation's economic recovery from the global financial crisis stoked price pressures

South Korea's Central Bank Has Room for Higher Interest Rates, IMF Says South Korea's economic recovery is strong and the country still has room to raise borrowing costs after the central bank lifted its benchmark interest rate to 2.25 percent, the International Monetary Fund mission chief to the country said.

Hyundai Heavy Industries Targets 13-Fold Increase in Sales of Wind-Energy Hyundai Heavy Industries Co., the world's largest shipyard, plans to increase wind-power sales 13-fold as concern about climate change spurs demand for alternative energy. The shipyard may boost wind-power sales to as much as 2 trillion won (\$1.7 billion) in 2015 from this year's estimate of about 150 billion won, Vice President Yoon Byung Soo said yesterday in an interview in Gunsan, South Korea. Total sales at Hyundai Heavy may reach 21.6 trillion won this year.

Panasonic Says Samsung Began Price War for 3-D TVs Panasonic Corp., the world's largest maker of plasma televisions, said it may fail to meet its sales target for 3-D sets after Samsung Electronics Co. unleashed an "unexpected" price war in the U.S.

South Korea's Industrial Production Exceeded Estimates Amid Export Gains South Korea's industrial production grew faster than estimated in July, logging the 13th straight monthly gain as the nation's exports withstood global risks. Output gained 15.5 percent from a year earlier, after rising a revised 17.1 percent in June, the statistics office said today in Gwacheon. The median estimate of ten economists surveyed by Bloomberg News was for a 15.2 percent gain. Production advanced 1.1 percent from June.

Posco Buys Daewoo International Stake for \$2.8 Billion Posco, the world's third-biggest steelmaker, agreed to buy control of Daewoo International Corp. for 3.37 trillion won (\$2.8 billion) to expand its sales network and gain raw materials as prices climb.

LG Electronics to Unveil Ultra-Thin LED Television in Berlin Next Month LG Electronics Inc., the world's second-biggest maker of liquid-crystal-display televisions, said it will unveil its thinnest flat-screen TV next month and expects such high-end products to boost sales next year.

South Korean Won Completes Best Week Since July on Growth Data; Bonds Fall Korea's won had its biggest weekly gain since July after data this week allayed concern growth in Asia's fourth-largest economy may ease. Three-year bonds slid this week.

Bank of Korea Governor Kim Urges Wider Global Cooperation on Regulation Bank of Korea Governor Kim Choong Soo said more international cooperation is needed on crafting rules aimed at averting another global financial crisis.

Social Front:

Three Dead as Tropical Storm Lashes Seoul; Flights Cancelled Three people were killed after Tropical Storm Kompasu made landfall in South Korea, lashing Seoul with rain and strong winds that knocked out power, forced flight cancellations and delayed the opening of school.

(Cyber Space) Leukemia-hit foreigner gets aid via Internet A foreign radio DJ in Gwangju was able to receive emergency blood donation from a number of netizens via social networking websites. Michael Simning, a popular DJ at an English-language radio station in the city 340 kilometers southwest from Seoul, was hospitalized last Friday for acute leukemia.

Opposition urges rice aid to North Leaders of opposition parties raised a collective voice Wednesday, calling for the government to send surplus rice to Pyongyang as part of its relief package. On Tuesday, the government announced a plan to buy up all rice that exceeds the country's estimated annual consumption of 4.26 million tons to check a further drop in prices.

Red Cross offers W10 bil. worth of flood aid to NK South Korea's Red Cross on Tuesday offered to send 10 billion won (\$8.3 million) worth of flood aid to North Korea, a Unification Ministry official said. The North has yet to reply to the offer, the official said.

DNA database decodes 47 unsolved cases The National Police Agency said Friday that it has been able to track down criminals in 47 unsolved cases thanks to DNA samples taken from convicts under a new law that went into effect a month ago.

Typhoon wreaks havoc on Seoul Typhoon Kompasu battered Seoul and other central parts of the Korean Peninsula early Thursday morning, disrupting metro operations in the capital, causing massive power outages and grounding domestic and international flights.

1 in 3 male Seoulites positive about taking cosmetic surgery According to a report by the Seoul city government, the number of older males reacting favorably to cosmetic surgery has more than doubled in the past two years. This apparently reflects the growing trend of “lookism” or an “aggressive approach to look better in other people’s eyes.” The administration surveyed 22,600 males in Seoul and found 30.5 percent of those in their 20s and 30s as well as 16.1 percent of those over 50 years old responding that it’s okay for men to undergo plastic surgery for aesthetic purposes.

Compulsory education planned for future married immigrants The government plans to legalize mandatory education about Korea for foreigners who want to marry Koreans, especially women from other countries in Asia coming here through international matchmaking services.

Unregistered Cambodian stuck in immigration limbo An unregistered Cambodian worker, diagnosed with an intractable disease while working here, is stuck in limbo as he is unable to benefit from the state health insurance he desperately needs to cover the huge cost of an operation.

Japan

Politico-strategic Front:

Beijing's plan for early North nuke talks rebuffed by Tokyo Japan and China were at odds Saturday over how to restart the six-party talks on North Korea's nuclear programs, with Beijing seeking an early resumption but Tokyo taking a cautious stance. Okada was referring to a dispute over the sinking of the South Korean warship Cheonan in March.

69% in poll back Kan as DPJ chief Kingpin Ozawa a distant second with 15%; Cabinet support rate up; A majority of people polled want Prime Minister Naoto Kan to stay on as leader of the ruling Democratic Party of Japan, far surpassing those who support party kingpin Ichiro Ozawa, according to a survey released Saturday.

Kan continues blitz Prime Minister Naoto Kan continued his campaign to be re-elected Democratic Party of Japan president in the Sept. 14 poll by visiting Saturday a high-tech factory.

Battle heats up between rival Kan, Ozawa camps Prime minister targets rank and file, kingpin eyes postmasters, Rengo; Democratic Party of Japan lawmakers intensified efforts Friday to whip up support for the two contenders in the ruling party's presidential election, Prime Minister Naoto Kan and longtime kingpin Ichiro Ozawa.

Futenma needs 'green' light Report hints air base decision may hinge on seaweed, dugong; The Japanese and U.S. governments have ironed out their report on construction options for replacing a contentious U.S. Marine Corps air base in Okinawa Prefecture, according to sources familiar with the matter.

Spy satellite hit by power problem One of four Japanese spy satellites orbiting Earth has malfunctioned and been inoperative since Monday, the government said Saturday.

Malaysia extends counterfeit probe Malaysian police have obtained a court order to extend the detention of two Japanese until Thursday to facilitate an investigation into an international syndicate dealing with counterfeit money and U.S. Treasury bonds.

Futenma plan rife with nondecisions After three months of meetings, the recommendations for the Futenma replacement base in Henoko, Okinawa, released Tuesday are vague or nonexistent on specific technical points, with no decision on the runway options, approach and departure paths or completion timetable.

Futenma plan OK: Ozawa DPJ don eases on base, won't duck charges; Democratic Party of Japan heavyweight Ichiro Ozawa on Thursday backpedaled from his claim the previous day that he had a new, specific plan for relocating U.S. Marine Corps Air Station Futenma and basically

said the pact reached in May to move the base to Nago, Okinawa, stands. Ozawa denied he would evade any indictment if he becomes prime minister.

New Iran sanctions put freeze on assets Tokyo announced additional sanctions against Iran over its nuclear programs Friday, including freezing assets of individuals and organizations related to the work, and suspending new Japanese investment in oil and gas development there.

Economic Front

¥16 billion Hayabusa-2 space probe project gets green light The government has decided to include a ¥16.4 billion project for the Hayabusa-2 probe in its space program, following the successful seven-year round trip to an asteroid by the probe's predecessor.

Joblessness falls first time in half year The jobless rate in July fell to 5.2 percent from 5.3 percent the previous month, dropping for the first time in six months, the government said Friday in a preliminary report. The number of jobless stood at 3.31 million, down 280,000 from a year before and the second consecutive month it has fallen below year-earlier levels, the Internal Affairs and Communications Ministry said. The figure means 53 jobs were available for every 100 job seekers in July

Toyota recalls 1.1 million cars over 'any speed' stall Toyota Motor Corp. said Thursday it will recall about 1.13 million Corolla and Matrix vehicles because of an engine defect that federal regulators said could cause cars to stall "at any speed without warning."

Ministry to seek 5.7% ODA hike The Foreign Ministry said Thursday it plans to request ¥436.96 billion for foreign aid in its fiscal 2011 budget, up 5.7 percent from the initial budget for fiscal 2010, in a bid to curb the declining trend of the nation's official development assistance.

Pension fund suffers loss of ¥3.59 trillion The Government Pension Investment Fund, which manages the reserves for the National Pension and Employees' Pension Insurance, said Monday it incurred an investment loss of ¥3.59 trillion in the April-June quarter. Last year the fund chalked up a return of ¥9.19 trillion, the largest for a single year, thanks to strong foreign stock prices.

NEC sinks \$5 million in SomaLogic NEC Corp. said Monday it has invested \$5 million in U.S.-based diagnostics maker SomaLogic Inc. to expand its medical business. NEC, Japan's largest maker of personal computers, doesn't disclose financial data for its medical business.

Carmakers' output jumps 16.8% Vehicle production in July rose 16.8 percent from a year earlier to 866,762 units, increasing for the ninth consecutive month, an industry body said Tuesday. Production of cars grew 16.0 percent to 746,248 units, while that of trucks increased 21.9 percent to 110,846 units, according to the Japan Automobile Manufacturers Association. Bus production expanded 24.7 percent to 9,668 units.

Budget requests for 2011 hit all-time high of ¥96.75 trillion The general-account budget for fiscal 2011 on a request basis reached a record-high ¥96.75 trillion due to swelling debt-servicing and social security costs, the Finance Ministry said Wednesday. The initial fiscal 2010 budget stood at a record ¥92.3 trillion

New vehicle sales climb 46.7% Sales of new cars, trucks and buses soared 46.7 percent in August from a year earlier to 290,789 units for the 13th straight monthly increase, an industry group said Wednesday. Analysts attributed the rise to a rush for fuel-efficient vehicles before the government pulls the plug on subsidies at the end of this month.

Pension fund to sell ¥4 trillion The national public pension fund, the world's largest, will sell about ¥4 trillion in assets this fiscal year to fund rising payouts as the population ages. That follows asset sales of ¥720 billion, all in Japanese bonds, in the fiscal year that ended in March, Takahiro Mitani, president of the Government Pension Investment Fund, said Thursday.

Social Front

Study: 4% of school nurses favor cervical cancer vaccination Only 4 percent of about 200 school nurses think it's appropriate to inoculate girls against cervical cancer at school, an Okayama University survey showed Thursday, apparently mirroring the teachers' concerns about their ability to deal with possible side effects. The vaccine became available in Japan last December

(Cyber Space) Record 2,444 Internet crimes handled in first half Police responded to a record 2,444 Internet crime cases nationwide in the first half of this year, a National Police Agency survey showed Thursday. The number, up 586, or 31.5 percent, from a year earlier, represented a new high since the NPA started gathering statistics for Internet crimes, defined as crimes that use a computer network, on a half-year basis in 2004.

Kids find confidence in speech contest The Children's International Speech Contest, held Saturday in Tokyo, was unique in that its participants also experienced beforehand various programs promoting cross-cultural understanding.

Japan's hottest August since 1946 This month will likely be the hottest August that Japan has experienced since 1946, when regional temperature data become available after the end of World War II, the Meteorological Agency said Monday, and officials said it could be a result of long-term global warming. The only region to escape the record-breaking heat covers the Amami and Okinawa island chains.

Sumo chief pledges no mobsters Japan Sumo Association Chairman Hanaregoma pledged in an official declaration Monday to permanently keep mobsters out of sumo. Hanaregoma had been expected to make the declaration after the gambling case was laid to rest.

Sumo cameras to search for yakuza The Japan Sumo Association will use "mob cams" during the Autumn Grand Sumo Tournament at Ryogoku Kokugikan stadium in Tokyo in an attempt to throw organized crime out of the traditional sport.

(Cyber Space) Maruzen, China firm to sell manga e-book content Book retailer Maruzen Co. and major Chinese information technology firm Peking University Founder Group Corp. will launch in early October a business to sell electronic versions of manga and specialized books in the two countries, Maruzen said Thursday. The deal struck by the two firms might help promote the growth of the e-book industry in Asia, analysts said.

Pro-Pyongyang schools may get tuition waiver The education ministry is close to allowing pro-Pyongyang high schools for Korean residents in Japan to be covered by the government's tuition waiver program, according to sources. A ministry panel of experts tasked with determining eligibility has assessed that the Korean schools, which have close ties with the General Association of Korean Residents in Japan (Chongryon), offer educational curricula similar to Japanese high schools, they said.

Female execs still scarce after labor law debut Twenty-five years have passed since the Equal Employment Opportunity Law for Men and Women was enacted to fight gender inequality in the workplace. By this time, people might think that a horde of college-educated women are calling the shots at companies as corporate managers. A survey conducted by Kyodo News, however, shows that is hardly the case.

Detailed News

Korea

Politico-strategic Front:

GNP expels Rep. Kang for lewd remarks on women

Lawmakers of the ruling Grand National Party (GNP) voted Thursday to expel Rep. Kang Yong-seok who was accused of making inappropriate sexual remarks at a gathering with university students.

Kang came under fire in late July when he allegedly made sexist remarks during a dinner with dozens of college students who participated in a speech contest hosted by the National Assembly.

Witnesses reportedly said that Kang suddenly gave weird "advice" to the female students.

When one of them told him that she would like to be a TV announcer, he was quoted as saying, “Do you know that you have to give ‘everything’ to become an announcer? You want to become an announcer despite this?”

Seoul to delay fighter jet program

Budget constraints, post-Cheonan priority readjustment blamed

By Jung Sung-ki

A major fighter jet acquisition program originally scheduled for 2011 is likely to be pushed back by a year due to budget constraints and a readjustment of priorities in the wake of the sinking of the frigate Cheonan on March 26, according to defense officials Wednesday.

Air Force officials and defense experts are worried that the country’s fighter modernization efforts could be compromised despite growing calls here to replace the Air Force’s aging fleet of F-4E and F-5E/F aircraft. These planes have been involved in several fatal crashes in recent years.

The third phase F-X fighter acquisition competition for 40 to 60 advanced stealth aircraft was to have started next year with a final contract in 2012, following the first two stages of obtaining 60 F-15K aircraft built by U.S. aerospace giant Boeing.

If delayed, a contract could be sealed as early as 2013 and the delivery of aircraft would start after 2016.

According to a senior official at the Defense Acquisition Program Administration (DAPA), the Joint Chiefs of Staff (JCS) made a decision to postpone the F-X program after consultations with the Ministry of Strategy and Finance.

The JCS, which is authorized to decide on arms improvement requirements for the Army, Navy and Air Force, instead wants to spend more money to purchase and develop weapons systems to cope with North Korea’s asymmetrical and irregular warfare, the official said.

“The JCS believes that the purchase and development of weapons systems, such as attack helicopters, cruise and ballistic missiles, next-generation tanks and armored vehicles, and heavy attack submarines, will be more feasible in defending against North Korean provocation than the 9 trillion won (\$7.5 billion) F-X program,” the official told The Korea Times on condition of anonymity.

The JCS has submitted its budget proposal for next year to the finance ministry ahead of the opening of the National Assembly regular session Wednesday, he said.

An Air Force officer expressed disappointment with the decision.

“Obviously, it’s bad news for fighter jet pilots,” the officer said. “Fighter modernization efforts have already been delayed for several years. So it’s not clear now if we could achieve the goal of replacing the older fleet of F-4s and F-5s with newer jets by 2020.”

The Air Force is decommissioning some of its 250 McDonnell Douglas F-4Es and Northrop F-5 E/Fs, most of which were introduced 30 or more years ago.

But the decommissioning has been slow since the F-X program and a KF-X project to develop an indigenous combat aircraft did not proceed mainly because of the smaller increases in the defense budget in recent years.

On June 18, an F-5 jet crashed into the sea off the coast of Gangneung in Gangwon Province on its way back from a routine training mission. Since 2000, eight F-5s have crashed, claiming the lives of 13 pilots.

F-5 fighters account for 35 percent or 170 of South Korea’s 480-strong fighter fleet.

The KF-X program is aimed at locally developing an aircraft similar to the U.S. F-16 in cooperation with foreign partners. The Seoul government plans to produce about 200 KF-X planes after 2020.

On July 15, Indonesia agreed to join the KF-X development plan and bear 20 percent of the initial budget of \$8 billion to build an advanced fighter based on a Western aircraft platform. The Southeast Asian nation will buy 50 aircraft when mass production starts.

South Korea intends to bear 60 percent of the development costs, and is seeking to invite more foreign nations and companies to cover the remainder.

Top envoys to meet US officials over resumption of nuclear talks

By Kim Young-jin

The chief nuclear envoys of China and South Korea are expected to meet separately this week with senior U.S. officials in Washington, D.C. to discuss the resumption of the six-party talks on North Korea’s denuclearization, amid a flurry of diplomacy among involved parties.

Wu Dawei, Beijing’s representative for Korean Peninsula issues, was slated to meet Wednesday (local time) with Deputy Secretary of State James Steinberg and others, State Department spokesman Phillip Crowley said Tuesday.

On the same day, Wu told reporters in Tokyo that Beijing plans to put forth a fresh proposal to resume the stalled six-party talks, but did not elaborate, according to Kyodo News. He was there to discuss the talks with Japanese Foreign Minister Katsuya Okada.

The meeting would follow last week's surprise summit between North Korean leader Kim Jong-il and Chinese President Hu Jintao in northeastern China, during which Kim called for an early resumption of the talks, according to the state-run media of the two countries.

Wu has been on the move of late, visiting Pyongyang and Seoul last month, where he proposed a tiered plan under which the North would meet with Washington before reopening the forum in full.

Meanwhile, officials here said Seoul's top nuclear negotiator, Wi Sung-lac, will fly to Washington Thursday.

"Wi will discuss recent sanctions (imposed on North Korea by the U.S.) and how we should handle the situation, and also the current state of affairs in North Korea," an official told reporters on the condition of anonymity.

The meetings come as China cranks up its efforts to kick start the talks, which last met in December 2008. Pyongyang walked away from the table after being slapped with U.N. sanctions for its missile and nuclear tests last year.

Efforts for resumption were thrown into limbo in March after the sinking of a South Korean warship in waters near the inter-Korean border, which Seoul and Washington have blamed on the North. Pyongyang has denied the allegation.

In response to the incident, Washington released a list of sanctions on Pyongyang, Monday, freezing the assets of North Korean entities allegedly linked to its nuclear program.

Seoul, which cut off nearly all trade and aid to the North after the sinking, has demanded an apology from the North as a precondition for resumption of the talks.

But South Korean Foreign Minister Yu Myung-hwan last week signaled a shift in stance, calling on Pyongyang to allow inspectors from the International Atomic Energy Agency back in and to restart the process of disabling its nuclear facilities.

Both sets of talks will also include Stephen Bosworth, U.S. special representative for North Korea policy, Assistant Secretary of State for East Asian and Pacific Affairs Kurt Campbell and Sung Kim, special envoy for the six-party talks.

Seoul to lead e-government organization

By Kwon Mee-yoo

Seoul City leads in the development of electronic government based on state-of-the-art technologies and an organization of e-governments will be founded in the city next month.

The inaugural assembly of World e-Governments Organization of Cities and Local Governments (WEGO) will be held at Grand Hyatt Seoul from Sept. 6 to 8.

The meeting is sponsored by the United Nations Project Office on Governance (UNPOG) under the U.N. Department of Economic and Social Affairs. Mayors and IT experts from some 50 cities will take part in the conference.

WEGO is based on the Seoul e-Government Declaration adopted at the World e-Government Mayors Forum in 2008. The declaration suggested forming a consultative body to exchange e-government information and narrow the information gap among cities.

Seoul City will chair WEGO for the first time.

Seven cities, including Barcelona, Berlin and Frankfurt, will present cases of successful e-government under the theme of "e-Sharing for All."

"WEGO will be a chance for Seoul to promote its IT technology, policy and companies, pioneering a new market based on its advanced methods," Song Jung-hee, the city's assistant mayor for information technology said.

Lee to visit Russia next week for summit

President Lee Myung-bak will visit Russia next week to hold a summit with President Dmitry Medvedev and attend an international conference, Lee's office announced Wednesday.

Lee "plans to visit Russia from Sept. 9-10 to attend the second World Political Forum in Yaroslavl at the invitation of Russian President Dmitry Medvedev and deliver a keynote speech," Cheong Wa Dae said in a press release.

Lee and Medvedev are scheduled to hold a summit next Friday on the sidelines of the conference to be held in Yaroslavl, 260 kilometers northeast of Moscow, it added.

The meeting will be their fourth summit.

The leaders plan to "discuss ways to deepen a strategic cooperative partnership between the two nations on the occasion of the 20th anniversary of the establishment of their diplomatic relations," it said.

They will also have broad discussions on regional security issues and how to promote substantial cooperation on issues of mutual concern, including the upcoming G-20 Seoul Summit in November, Russia's economic modernization drive, energy and natural resources development, especially in the eastern-most Siberian regions, according to the presidential office.

In his speech at the Yaroslavl conference, meanwhile, Lee will introduce South Korea's experience in fast economic development and reaffirm South Korea's resolve to help Russia's

ongoing efforts to modernize its economy as well as unveil a vision for the development of democracy based on economic growth and information technology.

Obama Widens North Korea Sanctions on Nuclear Funding

By Flavia Krause-Jackson - Aug 30, 2010 11:12 PM GMT+0500 Email Share

Business Exchange Twitter Delicious Digg Facebook LinkedIn Newsvine Propeller Yahoo! Buzz Print President Barack Obama widened U.S. financial sanctions on North Korea today in an effort to cut off sources of income that fund the nuclear weapons program of the regime's leader, Kim Jong Il.

The U.S. will freeze the assets of four North Koreans, three of the country's companies and five government agencies suspected of "illicit and deceptive activities" that support the regime's weapons industry, according to an executive order posted on the Treasury Department's website.

Those blacklisted bought luxury goods on behalf of the regime and are suspected of drug trafficking, money laundering and currency counterfeiting, the U.S. said.

Two of the blacklisted individuals, Ri Hong-Sop and Ri Je- Son, are identified as officials at the General Bureau of Atomic Energy, which oversees North Korea's nuclear program. The three companies cited are Korea Taesong Trading Co., Green Pine Associated Corp. and the Korea Heungjin Trading Co. The government organizations include the Munitions Industry Department and the Second Economic Committee.

Secretary of State Hillary Clinton warned last month that the U.S. would intensify sanctions against North Korea for torpedoing a South Korean warship in March. The new sanctions, targeting government officials and the companies connected to the North Korean nuclear program, aim to choke the flow of foreign currency and push Kim to resume disarmament talks.

Warship Sinking

The U.S. has backed South Korean claims that North Korea was responsible for the sinking of a South Korean warship on March 26. North Korea has denied responsibility for the attack, which killed 46 sailors. China, North Korea's largest trading partner, has refrained from naming Kim's regime as the culprit.

The North Korean regime has been under pressure because of tightened sanctions, shriveling trade amid increased international isolation, food shortages and a botched currency reform last year.

The six-party talks -- which involve North Korea, South Korea, China, Japan, Russia and the U.S. -- have been stalled since North Korea walked out in April last year and then conducted its second nuclear-weapon test a month later.

Kim, who met with Chinese President Hu Jintao on Aug. 27 in Changchun, said he hoped for an early resumption of the international talks to ease tension on the Korean Peninsula, the Xinhua News Agency reported today.

ROK, US to hold joint naval drills in West Sea Sept. 5-9

South Korea and the United States will conduct joint anti-submarine exercise next week in the West Sea where the South Korean Navy's ship the Cheonan was sunk by a North Korean torpedo attack in March.

The joint drills will start Sunday and continue through Thursday, military officials said. The joint naval maneuvers follows massive joint air and naval readiness exercises in the East Sea in late July and South Korea's independent anti-submarine drill in the West Sea in early August.

The forthcoming exercise will not include a U.S. aircraft carrier, the officials said. The U.S. Navy will send two Aegis warships to train with South Korean submarines and destroyers.

"The exercises will focus on anti-submarine warfare tactics, including detecting and destroying North Korean submarines," an official said.

North Korea has denied any involvement in the sinking of the Cheonan frigate, denouncing the naval drills conducted by South Korea and the United States.

China, North Korea's long-time ally and military rival of the United States, has also been complaining of such maneuvers off its eastern waters.

The Chinese navy announced it will hold a live-ammunition exercise on the seas west of the Korean Peninsula. It said a naval fleet will stage the drill this week from Wednesday to Saturday.

Observers say the announcement follows a pattern of China publicizing its own military exercises echoing those held by Washington and Seoul, which Beijing has negatively criticized as raising tensions on the peninsula.

China said its naval exercise will be held off the coastal city of Qingdao, meaning they will be well away from the U.S.-South Korea exercises held in waters closer to the Korean coast.

A South Korea-led multinational probe concluded in May that a torpedo fired by a midget North Korean submarine sank the Cheonan warship near the West Sea border, killing 46 sailors.

Kim Jong-il is "healthy"

North Korea's aged leader may be healthier than what the outside world suspects him to be, eyewitness accounts of people who saw him during the leader's China visit, showed.

Kim Jong-il who has been making a secretive trip to China, has been very successful in being elusive. There has been no confirmed photo of him, taken by an enthusiastic pack of international journalists who have been tailing him.

But the Chosun Ilbo newspaper was able to interview some employees of a Chinese hotel where Kim had stayed.

The workers of the Wusong Hotel in Jilin, a northeastern city near the North Korean border, said Kim looked healthy.

"Kim Jong-il got off from the limousine without any help. He didn't seem to have any health problem," a worker there told the newspaper.

"His clothes, sunglasses and shoes – they all looked very expensive," another employee added. The employees didn't give their names, it said.

Another employee, who said he saw Kim in a "close distance," said Kim "looked exactly the same as seen in newspapers."

The workers said they didn't know whether Kim Jong-un, the heir apparent, was among the visitors who stayed at the hotel.

"I can't tell because I don't know how he (the heir apparent) looks like," a worker told the newspaper. But another said he didn't hear Kim Jong-il's son came there with his father, it said.

South Korea's Lee Suffers Latest Blow as Premier-Nominee Quits

By Bomi Lim - Aug 29, 2010 8:01 PM GMT+0500 Email Share

South Korean President Lee Myung Bak suffered the latest blow to his administration after his choice for prime minister withdrew amid allegations of corruption less than three weeks after being nominated.

Kim Tae Ho yesterday declined the post in the face of opposition by lawmakers who charged that he evaded taxes and accepted bribes. Lee's choices to head the Knowledge Economy and Culture ministries also backed out, the president's office said.

The resignations are a setback in Lee's efforts to shore up public support in the second half of his term following his party's unexpected losses in June 2 local elections. Lee announced the Cabinet reshuffle on Aug. 8, pledging "renewed determination to spearhead efforts to address social conflicts and promote national unity."

“So far it’s just been empty promises,” said Kang Won Taek, a professor of political science at Soongsil University in Seoul. “His next choices are crucial to show how much public support he can regain. If he fails again, he’ll face real trouble for the rest of his term.”

Lee’s single, five-year term ends in February 2013, with the next presidential election slated for December 2012. In South Korea, the prime minister serves in a supporting role for the president.

‘We Have Failed’

Lee accepts the withdrawals “as an assessment that we have failed to meet the public’s standards,” his office said yesterday. “It’s a shame as these people were both capable and experienced,” he said in the statement.

The ruling Grand National Party suffered a surprise defeat in the June elections, following Lee’s tough stance blaming North Korea for torpedoing a South Korean warship in March, killing 46 sailors.

The party was dealt a further blow when Chung Un Chan resigned as prime minister after parliament rejected the government’s bid to abandon decentralization plans that will move state agencies to an urban development project about 150 kilometers (93 miles) south of Seoul by 2014.

Kim, a former two-time governor of South Gyeongsang province who at 47 would’ve been South Korea’s youngest prime minister, was Lee’s choice to replace Chung and rejuvenate the administration.

‘Lack of Virtue’

“I am stepping down because I don’t want to cause a problem for President Lee Myung Bak’s state affairs,” Kim said yesterday in a speech televised live by YTN news channel. “Some of these allegations were undeserved, but I accept that this is also due to my lack of virtue.”

“I’ve already lost people’s trust and there isn’t much I can do even if I become prime minister without their trust,” said Kim.

The main opposition Democratic Party urged Kim to step down after he contradicted himself during confirmation hearings on Aug. 24-25, deepening suspicions of corruption, according to a statement on the party’s website on Aug. 27.

“Kim Tae Ho has proven to be the biggest liar in the history of confirmation hearings,” the statement said. “There is no way this country can accept someone like that as prime minister.”

The Grand National Party said it will “exert greater efforts for communication and unity with the public,” according to a statement on its website yesterday.

North Korean Congress May Discuss Kim's Successor

By Bomi Lim - Fri Sep 03 03:47:55 GMT 2010

North Korea is preparing its biggest political gathering in 30 years, drawing parallels with the 1980 summit that ensured Kim Jong Il's succession amid speculation he will transfer power to his youngest son.

Delegates from the ruling Workers' Party of Korea held meetings in the past week ahead of the congress to pledge loyalty to Kim, according to reports published by the official Korean Central News Agency. Troops and tanks have been deployed near Pyongyang to plan military parades to mark the party gathering, South Korea's Defense Ministry said Aug. 24.

Kim, 68, last week made his second trip this year to China in what analysts said was an effort to win the endorsement of his closest ally for a power transfer to his son, Kim Jong Un. Chinese Premier Wen Jiabao lauded the congress as "a political event of great significance," KCNA reported yesterday.

"The fact that Kim has visited China twice this year and so shortly before the meeting indicates that he has sought support for his upcoming decisions," said Rudiger Frank, professor of East Asian Economy and Society at the University of Vienna. "These will have to do with succession, both directly and indirectly, as this is the most pressing issue for North Korean domestic politics at the moment."

Kim signaled to Chinese President Hu Jintao during his trip that he is willing to resume six-party talks to dismantle North Korea's nuclear weapons program, China's state-run Xinhua News agency reported this week. The forum, which also includes Japan, the U.S., Russia and South Korea, hasn't met since December 2008.

Mystery Son

Little is known outside North Korea about Kim Jong Un, who may be in his late 20's. KCNA has never mentioned the son by name and China didn't say whether he accompanied his father during the most recent visit as speculated by South Korean media.

North Korea said on June 26 that a party congress would convene in early September to elect "its highest leading body," without specifying dates. The meeting will be held on Sept. 4-7, Good Friends, a Seoul-based rights group, which claims to have sources in the communist country, said on its website this week.

The congress may be aimed at "the reorganization of its leadership structure," according to South Korea's Unification Ministry. Kim cemented his position as successor to his father, North Korean founder Kim Il Sung, in the 1980 meeting, getting elected to key party posts.

'Military Power'

Kim has built North Korea into “a socialist military power which no enemy dares provoke,” Myong Son Yong, secretary of the party’s Pyongyang City Committee said at a Aug. 28 meeting, according to KCNA. Military representatives to the party pledged “undisputed trust in him and transparent loyalty to him,” KCNA reported on Aug. 27.

Speculation of a power transfer comes as North Korea becomes increasingly dependent on China to improve its faltering economy, a key element of its goal to become a “strong and prosperous country” by 2012. North Korea’s economy shrank 0.9 percent to 24.7 trillion won (\$21 billion) in 2009, with trading falling 11 percent, after the United Nations toughened sanctions against the country for its second nuclear test in May last year, according to the Bank of Korea in Seoul.

China, host of the six-party nuclear talks, is also spearheading efforts to lure South Korea and the U.S. back to engaging North Korea, sending its special envoy for the Korea peninsula affairs, Wu Dawei, to the countries. South Korea, backed by the U.S., refused to resume the disarmament negotiations after it accused North Korea of torpedoing one of its warships in March, which killed 46 sailors.

Six-Party Talks

“China is most concerned about maintaining a measure of control over North Korea and thus the future possibilities for the Korean peninsula,” said William Callahan, professor of international politics at the University of Manchester. “Pushing for the reconvening of the six-party talks is part of China’s quest for a loose control over regional politics.”

Improving economic difficulties is essential for Kim to ensure an orderly handover of leadership, said Frank at the University of Vienna.

“The various sanctions by the West, however justified they might be, come at a strategically bad time: they leave North Korea even fewer options and drive it further into the arms of the Chinese,” he said.

Cheonan incident to test Korea-Russia ties

By Na Jeong-ju

One of the purported purposes of President Lee Myung-bak’s scheduled visit to Russia is to deepen Seoul’s strategic partnership and economic relations with the nation.

However, there is one underlying question: Will Russia share details of its own investigation into the sinking of the South Korean naval vessel Cheonan last March?

If it does, the implications of the revelation will be huge although little will likely be made public about Lee’s talks with Russian President Dmitry Medvedev on Sept. 10 over the incident, in which 46 sailors died.

Seoul's conclusion that the ship sinking was the result of a torpedo attack by a North Korean submarine could be challenged again.

According to some newspapers critical of the Lee administration, Moscow, a neutral ally of Pyongyang, concluded that it is more likely a mine rather than a torpedo that caused the ship to sink.

Russia also believes that the Cheonan had hit the seabed prior to the explosion and apparently had become entangled in a fishnet, which could have dredged up the mine that then blew it up, the reports say, suggesting the South Korean military might have manipulated evidence to back their conclusion.

The Russian government has neither confirmed nor denied the media reports. Seoul says it has never received any official probe results from Moscow regarding their version of the exact cause of the explosion.

Some observers here say Russia is using the case as leverage to increase its influence on regional security issues.

"Russia hasn't made public the result of its own investigation. It is unlikely to do so either in the near future," a diplomatic source said.

"Many Seoul officials feel embarrassed by the fact that the Russian interpretation of the incident was reported in certain South Korean newspapers. There might be an underlying motive."

The official suspected that Russia, whose influence on North Korea has weakened significantly amid the North's growing dependence on China, wants to play a more proactive role in addressing issues related to the Korean Peninsula, such as Pyongyang's nuclear program.

Donald Gregg, who was U.S. ambassador to Korea from 1989 to 1993, said in an article in the New York Times, published on Monday, that when he asked a well-placed Russian friend why the report has not been released, he replied, "Because it would do much political damage to President Lee and would embarrass President Barack Obama."

Russia and China, permanent members of the U.N. Security Council, opposed a Seoul-proposed U.N. resolution laying blame on North Korea.

Some analysts say the Cheonan incident may remain a hurdle in resuming dialogue between the two Koreas. However, Seoul's bid to link the case to the resumption of the stalled six-party denuclearization talks is unlikely to succeed as long as the two sides remain sharply divided over what exactly happened to the Navy frigate.

"The Obama administration's policy of strategic patience on North Korea appears to have a long-term goal of denuclearizing the communist country through the six-party process," Lee Sang-hyun, an analyst of the Sejong Institute, said at a security forum in Seoul Wednesday.

“China and Russia also don’t want the tensions on the peninsula to grow further. Seoul could find itself in an embarrassing position if it keeps its hard-line policy toward Pyongyang.”

President Lee’s aides said North Korea will be on top of the agenda at the planned summit with Medvedev in Yaroslavl, located 250 kilometers northeast of Moscow.

As a participant of a political forum to be held there, Lee will give a keynote speech on Korea’s economic growth and transition to a democratic society.

Lee orders probe into hiring of foreign minister's daughter

By Kang Hyun-kyung

President Lee Myung-bak directed his aides, Friday, to investigate why the Ministry of Foreign Affairs and Trade hired the daughter of its chief, Minister Yu Myung-hwan, as a trade expert.

The ministry’s recruitment process is now being scrutinized.

Lee was apparently disappointed after being briefed on the case, a high-ranking official from Cheong Wa Dae told reporters on condition of anonymity.

Lee’s reaction came shortly after Minister Yu offered an apology for the recent hiring.

The top diplomat said his daughter, who has not started working yet, would withdraw her acceptance of the job, noting it was inappropriate for her to work for a ministry he headed.

Reading a prepared short statement, a stony-faced Yu said he was sorry for overlooking the point that the ministry’s choice of his daughter might have caused the public to believe that she was given preferential treatment.

“Previously my daughter worked with the ministry for three years from 2006 as a trade expert. Last year, she quit her job before marrying,” the foreign minister said.

Recently his daughter decided to return to work as a trade expert and this led her to apply for the new position, Yu added.

His apology, however, didn’t stop the controversy.

The main opposition Democratic Party urged Yu to step down. The ruling Grand National Party defended him but commented that as a high-ranking official, Yu was not supposed to do something that could cause the public to have misconceptions about his intention.

Bloggers were angry and criticized the ministry over the issue _ some of them attacked its website, causing it to crash for hours.

In the face of a backlash, the foreign ministry said the qualifications and experience as a trade expert of Yu's daughter met its required criteria in the selection process.

Despite this justification, suspicions still remained.

The ministry initially announced the job posting in early July, and eight candidates including Yu's daughter, applied for the job, but all of them were eliminated in the first round.

The minister's daughter failed to submit a certificate of English proficiency, while others didn't meet the required qualifications.

Only those who hold a Ph.D. or a masters degree with two years of work experience in relevant areas could be considered for the job, the foreign ministry said.

It reposted the vacancy two weeks later.

Yu's daughter, who acquired a language proficiency certificate in between, again applied for the job, and three candidates, including her, were invited to a second round interview.

However, two out of the five interviewers were officials with the foreign ministry, which raised suspicions that their selection of her was because of their boss.

The foreign ministry denied this, saying the interviewers were not allowed access to personal information.

Korea, US to hold joint naval drills from Sunday

By Lee Tae-hoon

South Korea and the United States will launch a new round of joint naval drills Sunday off the west coast of the Korean Peninsula, the second in a series of planned combined military maneuvers following the Cheonan incident in March, military officials said Friday.

The anti-submarine exercises will be staged through Thursday, mostly far south of the inter-Korean maritime border, where a North Korean submarine allegedly sneaked in and torpedoed the South Korean frigate on March 26, Navy Capt. Kim Young-cheol said.

The upcoming exercises are designed to send a clear message of deterrence to Pyongyang and improve overall anti-submarine warfare capabilities of the combined forces, the U.S. Forces Korea said in a statement.

About 10 warships, including two U.S. guided-missile destroyers and a fast-attack U.S. submarine, will take part in the upcoming naval exercise.

Unlike the previous drills in July in the East Sea, the U.S. Navy will not send a U.S. aircraft carrier.

Seoul will mobilize four destroyers, P-3C planes and a submarine for the drills, the South's Joint Chiefs of Staff (JCS) said.

Some 1,700 navy and marine personnel from the two countries will take part in the exercise.

Economic Front:

S. Korea GS E&C wins \$620 mln UAE pipeline order

SEOUL, Sept 2 | Wed Sep 1, 2010 9:00pm EDT

SEOUL, Sept 2 (Reuters) - South Korea's GS Engineering & Construction Co. Ltd (006360.KS) said on Thursday it had won a \$620 million oil pipeline contract from the United Arab Emirates.

GS will build a 910 km (565.4 miles) long pipeline for Takreer, a unit of Abu Dhabi National Oil Company, by 2014, it said in a statement.

South Korea Says it Will Take 'Pre-emptive Action' to Limit Price Growth

By Eunkyung Seo and William Sim - Sep 2, 2010 9:38 AM GMT+0500

South Korea will take steps to limit consumer price growth and curb inflation expectations, President Lee Myung Bak's government said, after the nation's economic recovery from the global financial crisis stoked price pressures.

The initiatives include increasing the supply of farm and fisheries products, monitoring food prices closely ahead of a holiday in September that spurs shopping, and boosting competition among retailers, the finance ministry said in a statement released in Gwacheon today.

"The measures are aimed at stabilizing prices of products directly affecting most consumers," the ministry said in a joint statement with other government departments. "We need to take pre-emptive action to keep prices stable and prevent a build-up in inflation expectations."

Inflation could accelerate to more than 3 percent in the fourth quarter and July's quarter-point interest-rate increase "may not be sufficient," central bank Governor Kim Choong Soo said last week. The nation has scope to raise borrowing costs further, the International Monetary Fund said yesterday.

South Korea's consumer prices rose 2.6 percent in August from a year earlier for the third straight month, within the central bank's target of 2 percent to 4 percent on average through 2012. The government is raising power and gas tariffs over August and September, which will add about 0.1 percentage point to inflation, the finance ministry said in July.

Accelerating Inflation

“The government is apparently taking a more balanced approach between economic growth and price stability,” said Park Jong Yeon, an analyst at Woori Investment & Securities Co. in Seoul. “Consumer inflation will inevitably accelerate to above 3 percent in the fourth quarter and onwards. The chances of another rate hike next week are pretty high.”

The Bank of Korea’s policy board meets to decide on the benchmark rate on Sept. 9. It left it unchanged at 2.25 percent in August while signaling a further increase to add to July’s advance from a record-low 2 percent, the first boost since the global crisis.

The won rose 0.2 percent to 1,182.85 per dollar as of 12:50 p.m. in Seoul, according to data compiled by Bloomberg. The currency touched 1,177, the strongest level since Aug. 19, after the IMF said the won was “undervalued” and raised its economic growth forecast for the nation to 6.1 percent, from a July prediction of 5.75 percent.

“Today’s measures will help us manage annual inflation around 3 percent for this year,” Deputy Finance Minister Kang Ho-In said at a press briefing. The government expects the steps to “narrow” the gap between the rate of price growth in South Korea and the lower inflation in advanced economies, Kang said.

Interest Rate

Exports helped fuel a 7.6 percent economic expansion in the first half, the fastest pace in a decade, stoking price pressures. Growth will accelerate to 5.9 percent this year, more than an April projection of 5.2 percent, and cool to 4.5 percent in 2011, the Bank of Korea has said.

The expected inflation rate over the next year climbed for a second month to 3.2 percent in August from 3.1 percent in July, according to a survey by the central bank. Inflation expectations may rise and the bank will focus on achieving stable prices while supporting economic growth, Kim said yesterday.

South Korea's Central Bank Has Room for Higher Interest Rates, IMF Says

By Sandrine Rastello - Sep 2, 2010 1:00 AM GMT+0500 Email Share

South Korea’s economic recovery is strong and the country still has room to raise borrowing costs after the central bank lifted its benchmark interest rate to 2.25 percent, the International Monetary Fund mission chief to the country said.

“The neutral interest rate, which would be the rate at which you support employment and activity without creating inflation, that is significantly higher than the current policy rate; it may be around 4 percent,” Subir Lall said at a press conference on the IMF annual assessment of the country’s economy and policies. “We do see room for further tightening.”

The Bank of Korea raised its benchmark rate on July 9 for the first time since the global financial crisis, joining Asian counterparts including India and Malaysia in removing monetary stimulus

as the region leads world expansion. The IMF also said today it increased its growth forecast for Korea to 6.1 percent from a July forecast of 5.75 percent.

The stronger outlook “really reflects what’s already in the bag in terms of strong growth in the first half,” Lall said. “We expect a moderation in the second half.” The Washington-based lender sees expansion of 4.5 percent next year.

In its so-called article IV consultation report, which was discussed by the top IMF officials last week, IMF staff also said that “despite the 22 percent appreciation between March 2009 and June 2010, the real effective exchange rate remains undervalued,” referring to the won.

‘Accommodative’ Policies’

The IMF board also called for a “carefully calibrated exit” of stimulus policies, with a “measured fiscal withdrawal in 2011” and “gradual normalization of policy rates given the current accommodative monetary stance.”

The IMF said that risks to Korea’s outlook are “broadly balanced” and that there are no signs yet of inflation pressures.

Lall said it was unclear how effective measures announced by the government this week to support the housing market would be.

South Korea said Aug. 30 it will ease mortgage lending rules and extend tax breaks to encourage buyers to return to the property market after home sales slumped to the lowest level in almost a year and a half.

“They should help at the margin but there is a broader constraint,” Lall said. “Households in Korea are already highly indebted.”

Hyundai Heavy Industries Targets 13-Fold Increase in Sales of Wind-Energy

By Kyunghye Park - Sep 1, 2010 1:22 PM GMT+0500 Email Share

Hyundai Heavy Industries Co., the world’s largest shipyard, plans to increase wind-power sales 13- fold as concern about climate change spurs demand for alternative energy.

The shipyard may boost wind-power sales to as much as 2 trillion won (\$1.7 billion) in 2015 from this year’s estimate of about 150 billion won, Vice President Yoon Byung Soo said yesterday in an interview in Gunsan, South Korea. Total sales at Hyundai Heavy may reach 21.6 trillion won this year.

“Although we entered into this business later than other global players, our goal is to become among one of the world’s top 10 makers by 2015,” Yoon said. “We are working very hard to achieve this goal.”

Hyundai Heavy plans to build more wind farms in South Korea and overseas markets, joining rivals Daewoo Shipbuilding & Marine Engineering Co. and Samsung Heavy Industries Co., to reduce its dependency on shipbuilding as slower economic growth and concerns about overcapacity has damped global demand for ships. Wind-power capacity worldwide may rise 21 percent a year through 2014, according to the Global Wind Energy Council.

“Hyundai Heavy is well positioned to grab demand in China as it will be the first among South Korean companies to build a plant in the fastest-growing wind market,” said Um Kyung A, an analyst at Shinyoung Securities Co. in Seoul. “This industry will be a growth driver for Hyundai Heavy.”

Hyundai Heavy rose 3.4 percent, the most in six weeks, to close at 273,000 won in Seoul. The shares have jumped 57 percent this year, the third-biggest gain in the Kospi50 Index, which has advanced 0.5 percent.

China Demand

Global wind-energy capacity may increase 6.5 percent to 40.8 gigawatts this year and may reach 409 gigawatts in 2014, helped by demand in Asian countries including China, according to the Global Wind Energy Council. China surpassed Germany last year to become the world’s biggest market for the energy, after more than doubling capacity to 25.8 gigawatts in 2009.

Revenue from shipbuilding accounted for less than half of Hyundai Heavy’s 21.1 trillion won total last year and may fall to 34 percent this year. The company also builds offshore structures, plants, marine engines and solar-energy equipment. Wind-power sales may account for about 10 percent of the total in 2020, Yoon said.

China Plant

The Ulsan, South Korea-based company has a plant in Gunsan, about 220 kilometers south of Seoul, that can manufacture 300 2- megawatt wind generators a year. It is building a second plant in China’s Shandong province under a venture with Datang Shandong Power Generation Co. to make wind-power equipment as demand for generators is expected to grow “significantly,” Yoon said.

The Chinese factory is expected to be completed in April and will have a capacity similar to the Gunsan plant, he added.

China spent \$34.6 billion on clean-fuel projects last year, almost double the \$18.6 billion invested by the U.S., according to estimates from Bloomberg New Energy Finance. About 20 gigawatts of new wind-power capacity may be installed in China this year, up 54 percent from 13 gigawatts in 2010, Yoon said.

Hyundai Heavy also plans to build wind farms in the U.S. and South America and may consider building plants in those countries, Yoon said.

“It is very important to accumulate experience in building wind farms to become a key player in the global market,” Yoon said. “And it also helps in securing financing for projects we plan to carry out.”

Wind Partners

The shipyard is building wind farms with partners including Korea Southern Power Co. and Hyosung Group, in Taebaek, about 300 kilometers east of Seoul, and North Cholla Province. It also signed a preliminary agreement in January with Korea Southern Power, Pakistan’s Yunus Brothers, and other partners to build a 50-megawatt complex in Pakistan.

Sales from wind power may total as much as 500 billion won next year, Yoon said.

Hyundai Heavy is “always looking for ways to increase sales, and that is why we have moved into new businesses such as wind and solar energy,” Yoon said.

Daewoo, the world’s second-largest shipyard, said last week it aims to generate 30 percent of its total sales from wind power in 2020. The company’s revenue from the business is expected to reach \$25 million this year and \$300 million in 2011, it said.

Samsung Heavy, the world’s third-largest shipyard, is building a plant in South Korea to build wind turbines.

Panasonic Says Samsung Began Price War for 3-D TVs

By Mariko Yasu and Adam Le - Sep 1, 2010 2:00 PM GMT+0500 Email Share

Panasonic Corp., the world’s largest maker of plasma televisions, said it may fail to meet its sales target for 3-D sets after Samsung Electronics Co. unleashed an “unexpected” price war in the U.S.

“No one can keep up” with price cuts by Samsung in the world’s biggest TV market, Yoshiiku Miyata, the head of Osaka-based Panasonic’s TV business, said in an Aug. 30 interview. “It’s become unclear whether we can reach our target” of selling one million 3-D sets in the year to March 31, he said.

The maker of Viera TVs joins Sony Corp. in saying the Japanese manufacturers are struggling to sell the new product in the U.S. The price war may pressure earnings at makers who expected 3-D models to mitigate the effects of price declines for mainstream flat-screen TVs.

“Samsung is leading the competition as might be expected,” said Nobuo Kurahashi, an analyst at Mizuho Financial Group Inc. in Tokyo. “Even though Panasonic is strong in large plasma TVs, it’s the strength of brand and earnings that’s making the differences in strategies.”

“Samsung will continue to try to provide the best products at reasonable prices,” Chenny Kim, a Seoul-based spokeswoman for Samsung, said by telephone. She declined to comment on the company’s pricing policy.

A Samsung 50-inch 3-D plasma set sells for \$989.99, while the same size 3-D Viera with higher resolution is offered at \$2,499.99, according to the website of Best Buy Co., the largest U.S. electronics retailer. A Sony 46-inch liquid-crystal display 3-D Bravia model is priced at \$2,299.99, according to the website.

Record Profit

In July, Suwon, South Korea-based Samsung, the world’s top TV maker, reported second-quarter net income jumped 83 percent to a record 4.28 trillion won (\$3.6 billion). That’s more than four times the combined profit of Panasonic and Sony in the three months ended June 30.

Panasonic, the first major TV maker to offer 3-D sets in the U.S., and Tokyo-based Sony, which plans to sell at least 2.5 million 3-D Bravia models in the year to March 2011, haven’t disclosed shipments of their 3-D products. Prices of 3-D sets are falling faster than anticipated, Yoshihisa Ishida, who heads Sony’s home-entertainment business said last week.

88.3% Market Share

Samsung, which started offering 3-D sets in the U.S. in March, sold more than one million units by Aug. 31, giving it an 88.3 percent share of the U.S. 3-D TV market, the company said yesterday.

Panasonic rose 0.9 percent to close at 1,078 yen in Tokyo trading, trimming its loss this year to 19 percent. Japan’s benchmark Nikkei 225 Stock Average gained 1.2 percent today. Sony, Panasonic’s closest domestic rival, has declined 11 percent this year while Samsung, the world’s top TV maker, has slipped 5.9 percent.

Shipments of 3-D sets will probably reach 3.4 million in 2010 and increase to 42.9 million in 2014, Austin, Texas-based DisplaySearch said in July.

Panasonic, which aims to boost TV sales 33 percent to 21 million sets including 1 million 3-D models this fiscal year, is on track with the sales plan, Miyata said. There are signs of slowing demand in the U.S. and Europe, while it remains strong in Japan and developing nations, he said.

Return to Profitability

The TV operations, which are expected to lose money in the six months to Sept. 30, may turn profitable in the second half, Miyata said. The yen's sharp gain is changing the business environment drastically "but we are promoting cost reductions and sales of new products to make the business profitable," he said.

Sony may slow the pace of TV price cuts in overseas markets, given the yen's strength, Ishida said last week. Overall TV sales are on target, as Japan, China and the U.K. offset the sluggish U.S. market, he said. The company kept unchanged its goal of selling 25 million TVs this fiscal year.

Global TV shipments will probably rise 13 percent to 239 million sets in 2010, CLSA Asia Pacific Markets said in a report last week. Europe, Japan and developing nations including China will drive the growth, while the North American market may stall, according to the report.

Panasonic is counting on 3-D sales in Japan and Europe to offset Samsung's advantage in the U.S. market, Miyata said. "We don't plan to follow Samsung in the U.S., it's impossible."

South Korea's Industrial Production Exceeded Estimates Amid Export Gains

By Eunkyung Seo and William Sim - Aug 31, 2010 4:42 AM GMT+0500 Email Share

South Korea's industrial production grew faster than estimated in July, logging the 13th straight monthly gain as the nation's exports withstood global risks.

Output gained 15.5 percent from a year earlier, after rising a revised 17.1 percent in June, the statistics office said today in Gwacheon. The median estimate of ten economists surveyed by Bloomberg News was for a 15.2 percent gain. Production advanced 1.1 percent from June.

Exports helped the economy expand 7.6 percent in the first half from a year earlier, the fastest pace in a decade. While signs of slower global growth are clouding the outlook, the Bank of Korea raised its benchmark interest rate by 0.25 percentage point in July to damp price pressures. It signaled a further increase even after holding the rate at 2.25 percent this month.

"The economy still remains strong," Lee Sang Jae, an economist at Hyundai Securities Co. in Seoul, said before the release. "But the BOK is facing a bigger policy challenge because of rising global uncertainties." The central bank will keep raising rates as the recovery will likely continue, he said.

The won gained 0.4 percent to close at 1,192.13 per dollar in Seoul yesterday, according to data compiled by Bloomberg. The currency has fallen 2.4 percent this year. The benchmark Kospi stock index advanced 1.8 percent.

Current-Account Surplus

South Korea's current-account surplus widened to a 16-month high of \$5.88 billion in July as overseas shipments, which account for about half the economy, jumped 28.3 percent from a year earlier.

The weaker won buoyed second-quarter earnings at exporters including Samsung Electronics Co. and steelmaker Posco, even as the U.S., Chinese and Japanese economies cooled. The surplus was \$17.6 billion for the first seven months of 2010.

A "double-dip recession" or recurrence of the global financial crisis is unlikely, though the pace of recovery in economies such as the U.S. will be "slower than expected," Bank of Korea Governor Kim Choong Soo said last week.

July's rate increase, the first since the crisis, "may not be sufficient," and future moves will depend on domestic and global economic developments, Kim said.

Asian central banks from Taiwan to Thailand and India have boosted borrowing costs this year, judging price pressures outweighed risks including elevated U.S. unemployment and Europe's sovereign-debt crisis.

Leading Index

A leading index of economic indicators, which forecasts business activity, rose 6.7 percent in July from a year earlier, compared with a revised 7.1 percent gain in June, today's report showed.

Sales of consumer goods advanced 1.2 percent last month from June and rose 8.6 percent from a year earlier. Investment in factories increased 33.5 percent from a year earlier.

Manufacturers' confidence in prospects for September rebounded on the outlook for overseas demand and local holiday shopping, according to a separate report.

Consumer price inflation probably remained at 2.6 percent in August, the same level as July, while exports gained 34.2 percent from a year earlier, separate Bloomberg News surveys showed. The data are due to be released this week along with revised second-quarter gross domestic product figures.

Economic growth will accelerate to 5.9 percent this year, more than an April projection of 5.2 percent, and cool to 4.5 percent in 2011, the Bank of Korea has said. Kim and the policy board next meet to decide on the benchmark rate on Sept. 9.

Posco Buys Daewoo International Stake for \$2.8 Billion

By Sungwoo Park and Shinhye Kang - Aug 30, 2010 3:03 PM GMT+0500 Email Share

Posco, the world's third-biggest steelmaker, agreed to buy control of Daewoo International Corp. for 3.37 trillion won (\$2.8 billion) to expand its sales network and gain raw materials as prices climb.

Posco will acquire 68.15 percent of the steel and crude oil trader, the Pohang-based steelmaker said in a regulatory filing today. The purchase price of 49,101.5 won a share is 53 percent higher than Daewoo International's closing share price on Aug. 27, based on figures derived from the statement.

Chief Executive Officer Chung Joon Yang is making South Korea's biggest acquisition this year as rising Chinese demand drove base metal and oil prices as much as 68 percent in the past five years. The 62-year old executive is spearheading a \$30 billion capacity expansion plan in countries, including India and Indonesia.

"Daewoo's expertise in resources development will help Posco invest in mines overseas," Shin Yoon Shik, an analyst with Meritz Securities Co. in Seoul, said by phone today. "Posco will benefit from Daewoo's overseas sales networks as the steelmaker has to secure clients for its increasing output."

Posco, which counts Warren Buffett's Berkshire Hathaway Inc. as a shareholder, rose 2.6 percent to close at 497,000 won in Seoul trading. Daewoo International gained 0.9 percent to 32,300 won. Moody's Investors Service today downgraded Posco's foreign-currency debt by one rung to A2, with a negative outlook on the rating, citing the acquisition.

Elkem Interest

Posco is considering buying Norway's Elkem ASA, a maker of silicon for solar panels, Reuters reported today, citing Chung. Citigroup Inc. is advising Posco, and Elkem hired Moelis & Co., Reuters said, citing unidentified people.

Elkem, which makes products including silicon, special alloys and ferrosilicon, had sales of 7.4 billion krone (\$1.2 billion) in 2009, down from 9.1 billion in 2008, according to the company's website. Elkem, with 2,500 employees, is part of Orkla ASA, a diversified company with products ranging from frozen pizzas to chemicals.

"We don't comment on rumors," Johan Chr. Hovland, Senior Vice President for Public Affairs at Elkem, said by phone. Posco spokesman Choi Doo Jin couldn't be reached for a comment. Godwin Chellam, a Hong Kong-based spokesman for Citigroup, declined to comment by telephone today.

Public Funds

State-run Korea Asset Management Corp., the biggest shareholder of Daewoo International, is recouping 1.76 trillion won in public funds from selling its entire 35.5 percent stake, it said

today. The acquisition is the largest of the year in South Korea, based on equity value excluding debt, according to data compiled by Bloomberg.

The transaction will be completed by the end of September, and other sellers include Export-Import Bank of Korea and Korea Finance Corp, it said. The creditors acquired the assets as part of the bailout of Daewoo Corp. in 2000.

The acquisition “will help strengthen our competitiveness and increase synergy between Posco and related affiliates,” Posco said in the regulatory filing.

Daewoo International owns stakes in a nickel mine in Madagascar, a coal mine in Australia and an oil block in Vietnam. The nickel reserves are estimated at 125 million metric tons, one of the world’s four biggest. It also operates a natural gas project in Myanmar.

“The price looks neither cheap nor expensive,” Kim Gyung Jung, an analyst with Eugene Investment & Securities Co. in Seoul, said.

Trading Sales

Daewoo gets 98 percent of sales from trading, with steel and metal accounting for 60 percent. The trader, which also runs a shopping center and sells automobile parts, handles about one-quarter of Posco’s steel exports.

Daewoo International posted 11.1 trillion won in sales last year, with net income up 42 percent to 124.6 billion won. Posco, which earns about 70 percent of sales in the domestic market, posted 3.2 trillion won of profit last year.

Samjong KPMG Advisory Inc. and Bank of America Merrill Lynch are arranging the sale. Macquarie Group Ltd., Woori Investment & Securities Co. and Shinhan Investment Corp. are advising on Posco’s bid, the steelmaker said in December.

Posco is the world’s third-biggest steelmaker by production, ranked after ArcelorMittal and China’s Baosteel Group Corp., according to the World Steel Association website. According to the American Institute for International Steel, the South Korean steelmaker is No. 4, coming after ArcelorMittal and China’s Hebei Iron & Steel Group and Baosteel.

LG Electronics to Unveil Ultra-Thin LED Television in Berlin Next Month

By Jun Yang - Aug 29, 2010 7:00 AM GMT+0500 Email Share

LG Electronics Inc., the world’s second-biggest maker of liquid-crystal-display televisions, said it will unveil its thinnest flat-screen TV next month and expects such high-end products to boost sales next year.

The 8.8-millimeter-thick LCD TV, which uses light-emitting diodes, or LEDs, to illuminate the screen, will be shown during the annual IFA consumer-electronics show in Berlin in September, K.S. Lee, vice president of the global marketing strategy for LG's home entertainment division, said in Seoul.

LG and Samsung Electronics Co., the world's largest TV maker, are focusing on high-end sets to build their brands globally as makers of premium products. Samsung Electronics released a 7.98-millimeter-thick LED TV in April selling for about 9.9 million won (\$8,280).

The new LG model, known as the "Nano TV," will go on sale in South Korea, Germany and France in September, according to the company. LG counts on its high-end LCD TVs using new technologies to drive sales, said Simon Kang, president of the home-entertainment division. The company aims to sell 3 million units of the TV next year, he said.

Global shipments of LCD TVs are expected to rise to 226.7 million sets next year from 184.1 million this year, CLSA Asia-Pacific Markets analysts Matt Evans and Minji Ha said in an Aug. 25 report.

Second-quarter profit at LG's home-entertainment division, which makes TVs and DVD players, slid 90 percent, the company said on July 28. Sales at the division increased 19 percent.

South Korean Won Completes Best Week Since July on Growth Data; Bonds Fall

By Lilian Karunungan - Fri Sep 03 06:46:51 GMT 2010 South

Korea's won had its biggest weekly gain since July after data this week allayed concern growth in Asia's fourth-largest economy may ease. Three-year bonds slid this week.

The currency rose for a third straight day as official data showed the economy expanded at almost the same pace in the second quarter as earlier estimated, boosting expectations the Bank of Korea will raise borrowing costs when it meets next week. The International Monetary Fund this week raised the nation's economic growth forecast for 2010 and said the won remains "undervalued."

"The Korean data is very good, and the outlook is very positive," said Ko Yun Jin, a currency dealer at Kookmin Bank in Seoul. "But the government is not very happy with a very fast gain in the won."

The won strengthened 1.8 percent this week, the most since the five-day period ended July 9, to 1,175.10 per dollar as of the 3 p.m. close in Seoul, according to data compiled by Bloomberg. It gained 0.5 percent today. The currency, which has advanced 3.1 percent so far this quarter, may trade between 1,170 and 1,200 for the rest of the month, Ko predicted.

The Bank of Korea will raise its benchmark interest rate by 25 basis points to 2.5 percent at its Sept. 9 meeting, according to seven out of 11 economists in a Bloomberg News survey. Four forecast no change.

Yields Climb

Gross domestic product grew 1.4 percent over the three months to June from the first quarter, compared with a July estimate of 1.5 percent, the Bank of Korea said today. The economy grew 7.2 percent from a year earlier, matching the earlier assessment. Industrial production had a 13th monthly gain in July and exports increased for a 10th successive month in August, government data showed this week.

The IMF increased its growth forecast for South Korea's gross domestic product to 6.1 percent for 2010 from a July estimate of 5.75 percent. The central bank raised its benchmark rate on July 9 for the first time since the global financial crisis to 2.25 percent.

South Korea's government bonds declined over the past five days, snapping a three-week rally. The yield on the 3.75 percent note due in June 2013 rose nine basis points to 3.64 percent, according to prices from Korea Stock Exchange. A basis point is 0.01 percentage point.

Bank of Korea Governor Kim Urges Wider Global Cooperation on Regulation

By Eunkyung Seo - Fri Sep 03 03:30:00 GMT 2010

Bank of Korea Governor Kim Choong Soo said more international cooperation is needed on crafting rules aimed at averting another global financial crisis.

"International policy cooperation will have to be stepped up to prevent any emergence of regulatory arbitrage," Kim said at a conference in Seoul today, referring to the way firms look to take advantage of regions with less onerous rulebooks.

The drive to introduce changed regulations should take care "to avoid any undue inhibition of financial industry dynamism," Kim said. Programs should also be introduced to address structural weaknesses in emerging markets, such as reducing the volatility of their foreign capital flows and better managing external debts, Kim said.

The governor has called for the Group of 20 economies, which holds its summit in Seoul in November, to discuss creating a global financial safety net. Earlier this week South Korea said it will explore solutions through the International Monetary Fund for the type of funding shortages created by the crisis.

The IMF said on Aug. 30 it has "expanded and enhanced" its lending tools to help curb crises, after approving changes to its credit line program to encourage countries to turn to the fund for help. The organization has shored up economies from Romania to Greece over the past 18 months.

Social Front:

Three Dead as Tropical Storm Lashes Seoul; Flights Cancelled

By Stuart Biggs - Sep 2, 2010 9:34 AM GMT+0500 Email Share

Three people were killed after Tropical Storm Kompasu made landfall in South Korea, lashing Seoul with rain and strong winds that knocked out power, forced flight cancellations and delayed the opening of school.

Kompasu, which weakened from a typhoon after crossing the coast, passed Seoul and was over Gangwon province, east of the South Korean capital at 9:50 a.m. local time, the Korea Meteorological Administration said on its website.

“Four big glass windows are lying inside my living room after the pounding from the wind all night,” said Lee Soo Yong, a 39-year-old architect who lives on the 25th floor of an apartment building near Seoul. “I felt like I was dying this morning as I tried to stop them blowing in with my hands. It was so scary.”

Two people were killed by falling debris south of Seoul, the Ministry of Public Administration and Security said in a statement. A third person died by electrocution in an incident related to the storm in Mokpo, on the south-west of the peninsula.

The government has more than 14,000 emergency workers monitoring the impact of the storm, the ministry said. Debris littered the streets of the South Korean capital.

As many as 108 flights, domestic and international, were canceled as the storm approached land, according to the the security ministry, including services from South Korea’s two biggest airlines Asiana Airlines Inc. and Korean Air Lines Co.

Power Failures

Incheon Port Authority said work at the port is expected to resume this afternoon after stopping to allow vessels to dock to avoid Kompasu.

Electric power distribution systems in Seoul and surrounding provinces were damaged, according to Korea Electric Power Corp. More than 1.15 million houses were without power as of 9 a.m. today, the power distributor said in a statement. The storm caused about 1 billion won (\$845,000) of damage to the electricity network, the statement said.

School hours for elementary and middle schools in Seoul, Incheon and nearby areas were delayed by 2 hours today, according to the Ministry of Education, Science and Technology.

Typhoon warnings for Seoul and western provinces of South Korea were lifted as of 10 a.m., the weather office said. They remain in place for Gangwon province on the east coast.

Kompasu's winds slowed after the storm reached land and they were blowing at 106 kilometers (66 miles) per hour, down from 176 kph overnight, the administration said.

Kompasu may dump as much as 150 millimeters (6 inches) of rain in some parts of the Korean peninsula today. The storm was heading northeast at 23 kph and was forecast to pass over the peninsula's west coast by 11 a.m., the administration said.

North Korea

Hyundai Heavy Industries Co., the world's largest shipyard, said its Gunsan yard is operating as usual. Doosan Infracore Co., South Korea's biggest maker of construction equipment, said its plant in Incheon is operating normally.

Kompasu may dump heavy rain on North Korea, according to the storm track on the U.S. Navy Joint Typhoon Warning Center website. More than 5,000 people were rescued last month during floods, the state-run Korean Central News Agency said.

Flooding is a recurring problem in North Korea due to a deforestation program introduced by former North Korean dictator Kim Il Sung. The conversion of hill forests and marginal land to farmland, aimed at increasing agricultural yields, stripped the land of its natural defense against floods, academics say.

Kompasu's winds are forecast to decrease to 83 kph by 9 p.m. today as the storm passes the coast of North Korea before approaching northern Japan tomorrow, the U.S. typhoon center said in an advisory.

China Storm

About 1,800 kilometers to the south, Tropical Storm Lionrock made landfall near Xiamen on China's south coast at about 8 a.m. local time, the U.S. center said.

The storm was packing winds of 93 kph that are forecast to weaken as it heads inland, the center said in its final update.

Chinese authorities evacuated about 160,000 people in Fujian province yesterday as Lionrock approached, the official Xinhua News Agency reported. No casualties were reported and residents were warned of landslides that may be triggered by the storm, according to the report.

Lionrock skirted southwest Taiwan as it approached the China coast. There were no immediate reports of damage or casualties.

Leukemia-hit foreigner gets aid via Internet

By Park Si-soo

A foreign radio DJ in Gwangju was able to receive emergency blood donation from a number of netizens via social networking websites.

Michael Simning, a popular DJ at an English-language radio station in the city 340 kilometers southwest from Seoul, was hospitalized last Friday for acute leukemia.

An urgent blood transfusion was needed to extend his life and get surgery safely. But the hospital, Chonnam National University Hwasun Hospital, had trouble securing sufficient amount of blood due to the rarity here of the blood type of the 37-year-old Canadian: B Rh-ve.

Only a few hundred people here have the blood type.

His friends posted messages urgently looking for people with the blood type for donations on their blogs and other social networking websites such as twitter and Facebook over the weekend.

The messages got members of the foreign community in Gwangju to launch a campaign for blood donations to help Simning, who hosted a news show titled “City of Light” until last Friday.

Scores of people have donated blood. His blog and other social-networking websites were also flooded with messages written to cheer him up.

Some Korean celebrities such as comedian Kim Mi-hwa and journalist Kim Joo-ha, also retweeted the message to their Twitter followers.

“He currently gets a blood transfusion every two or three days,” Kim Mi-young, producer of City of Light, told The Korea Times, Wednesday. “He will soon get surgery. All staff of our station wish him a healthy recovery.”

Kim said the program is hosted by another foreigner temporarily, adding, “The seat is reserved for him.”

Landing on Korean soil in 1995, Simning married a Korean in 1998. He has organized a variety of volunteer activities designed to support orphans in South Jeolla Province.

Opposition urges rice aid to North

By Lee Tae-hoon

Leaders of opposition parties raised a collective voice Wednesday, calling for the government to send surplus rice to Pyongyang as part of its relief package.

“We must help both farmers in South Korea and our hunger-stricken brethren in North Korea by offering our excess rice to Pyongyang,” Rep. Park Jie-won, acting chairman of the main opposition Democratic Party (DP), said in a joint forum of four parties at the National Assembly.

Park noted that the government holds some 1.4 million tons of rice in reserves, twice more than necessary for emergency situations and that the amount is expected to jump to around 2 million tons after this year’s harvest season.

On Tuesday, the government announced a plan to buy up all rice that exceeds the country’s estimated annual consumption of 4.26 million tons to check a further drop in prices.

The Ministry for Food, Agriculture, Forestry and Fisheries (MIFAFF) forecasts this year’s surplus will range from 400,000 to 500,000 tons. The price for an 80 kilogram sack of rice fell from an average 142,852 won (\$119) in 2009 to 132,500 won as of Aug. 15.

Lee Jung-hee, chairwoman of the minor opposition Labor Democratic Party, admonished the government’s move to exclude rice from its relief aid to the impoverished communist regime.

At a time when the price of flour is shooting up while rice stocks are overflowing, the Ministry of Unification plans to send instant noodles and biscuits made from imported wheat to the North through the Red Cross, she said.

“It is a pity that this nation’s government is so narrow-minded,” she added.

In a press conference Tuesday, MIFAFF Minister Yoo Jeong-bok reaffirmed the Lee administration’s stance on rice assistance, saying “The government is not considering providing surplus rice to North Korea at the moment.”

Roh Hoi-chan, leader of the New Progressive Party, and Lee Jae-joung, chief of the People’s Participation Party, urged the Lee Myung-bak administration to immediately send half a million tons of rice to reach a breakthrough in inter-Korean ties and in the stalled six-party talks over the North’s nuclear programs.

“The government must try to normalize inter-Korean relations and the six-way talks through the resumption of rice aid,” he said.

Seoul sent 300,000 to 500,000 tons of rice to Pyongyang annually between 2000 and 2007 under the previous liberal administrations, but has stopped all deliveries since President Lee took office in early 2008.

Red Cross offers W10 bil. worth of flood aid to NK

South Korea’s Red Cross on Tuesday offered to send 10 billion won (\$8.3 million) worth of flood aid to North Korea, a Unification Ministry official said.

"The aid includes medical kits, emergency food and supplies," the official said, quoting the Red Cross message sent to North Korea.

The aid, if accepted, could open room for improvement in the inter-Korean relations, which have soured since South Korea blamed North Korea in May for the sinking of its warship. Pyongyang denies involvement in the March 26 incident that killed 46 sailors.

The North has yet to reply to the offer, the official said.

DNA database decodes 47 unsolved cases

The National Police Agency said Friday that it has been able to track down criminals in 47 unsolved cases thanks to DNA samples taken from convicts under a new law that went into effect a month ago.

"We've taken DNA samples from 1,145 criminals since July 26 when it became legal to collect and store them. Using the samples, we were able to identify a total of 30 felons who committed crimes in 47 unsolved cases," it said.

The law allows the police to collect samples from those charged with serious crimes, such as murder, sexual assaults against children and armed robbery. The police will refer the cases to the prosecution.

Typhoon wreaks havoc on Seoul

Typhoon Kompasu battered Seoul and other central parts of the Korean Peninsula early Thursday morning, disrupting metro operations in the capital, causing massive power outages and grounding domestic and international flights.

The seventh typhoon of the year pounded the western coast and central parts of the country earlier than forecast by the weather agency, shattering signboards and uprooting trees. It was the strongest tropical storm to hit Seoul in a decade, according to the Korea Meteorological Administration (KMA).

Kompasu, which means "compass" in Japanese, forced commuters to suffer the worst transportation chaos in years. The maximum wind speed reached nearly 30 meters per second in the capital.

More than 100 flights were grounded and thousands of fishing boats and ferries had to find shelter to avoid high waves accompanying the downpour. Many above-ground sections of subway services linking Seoul and its suburban areas were out of service for hours Thursday morning due to the power outages.

The blackout hit more than 1.46 million houses and some hospitals, according to the state-run Korea Electric Power Corp.

“Kompasu moved northward a lot faster than expected, propelled by a subtropical jet stream. Its damage was greater than expected though we have yet to figure out the exact scale,” said a spokesman for the National Emergency Management Agency (NEMA), Thursday.

Police said five people were killed by the typhoon. A senior citizen in Mokpo, South Jeolla Province, was killed by an electric shock; a 37-year-old man in Seongnam, Gyeonggi Province, was crushed by a falling tree; and another senior citizen in Seosan, South Chungcheong Province, was killed, after being hit in the head by a flying roof tile.

Elementary and middle schools delayed the start of classes by two hours.

Numerous rice paddies in the southern part of the country were inundated by flood waters and many orchards sustained losses as numerous fully and half-ripened fruit were ripped from trees by gusts of wind.

Some regions in Gyeonggi and Gangwon provinces had torrential downpours of more than 50 millimeters per hour. Still, no major flooding or landslides were reported, NEMA added.

The typhoon skirted southern Jeju Island and the southwestern part of the Korean Peninsula Wednesday night and made landfall on Ganghwa Island, about 80 kilometers west of Seoul, at around 6:36 a.m., Thursday.

It passed over the country around 11:34 a.m., said the KMA. The KMA lifted its typhoon warning around noon.

1 in 3 male Seoulites positive about taking cosmetic surgery

By Bae Ji-sook

If you think cosmetic surgery is only for women, it’s time to reconsider. According to a report by the Seoul city government, the number of older males reacting favorably to cosmetic surgery has more than doubled in the past two years. This apparently reflects the growing trend of “lookism” or an “aggressive approach to look better in other people’s eyes.”

The administration surveyed 22,600 males in Seoul and found 30.5 percent of those in their 20s and 30s as well as 16.1 percent of those over 50 years old responding that it’s okay for men to undergo plastic surgery for aesthetic purposes. The noticeable change was among the older generation: while the figure rose to about 9.8 percent among the younger males, it marked an over two-fold increase from 2008, when only 8.6 percent approved of it.

Twenty-nine-year-old Chung has gone under the knife three times — twice for a nose implant and once for double eyelid surgery. He said he doesn’t feel embarrassed at all.

“Before, I always thought I was the unattractive one. When good looking guys confidently flirted with girls, I always couldn’t stop staring at them. But after surgery, I feel equally confident. I

could talk to any girl and some of them tell me that I look nice. It helped my business and in other aspects in life,” he said. “I recommend it to other people. Why stress when you can change it?”

“Politicians are receiving Botox or double eyelid treatments as well as actors becoming instantly more attractive and it has influenced ordinary people to consider plastic surgery,” Park Yongnam, a plastic surgeon, said. “Many people think appearance is one of the crucial factors for competitiveness. It boosts one’s self confidence, which is positive for life overall,” he added.

Meanwhile, the city administration’s report suggested some interesting figures showing the changing trends and patterns of general ideas of males nowadays. While the younger generation prefers buying a car over a house, the older ones were more eager to own a house. Only 0.2 percent of the males in their 20s and 30s and 3.8 percent of those over 50 expected their children to support them during their post-retirement lives.

About 46.4 percent of single men in their 20s and 30s consult with their mothers when dealing with various problems but only 10.3 percent sought their fathers’ help.

The researchers said the number of males in Seoul marked 4,974,000, accounting for 49.5 percent of the total, a 6.6 percent fall from two decades ago.

The ever-accelerating aging population will change the demographics in 2030, the largest age group will be those over 60 years old, numbering 1.2 million or 26.8 percent of the total.

Currently, the largest portion is 30-somethings accounting for over 19.1 percent, followed by 40-somethings and 20-somethings, marking 16.4 percent and 16.2 percent, respectively.

Compulsory education planned for future married immigrants

By Kwon Mee-yoo

The government plans to legalize mandatory education about Korea for foreigners who want to marry Koreans, especially women from other countries in Asia coming here through international matchmaking services.

The Ministry of Gender Equality and Family is pushing a new program to make preliminary courses on Korea and its culture mandatory for married immigrants, a move to reduce human rights violation cases in Korea.

The move comes after a Vietnamese woman was murdered by her husband only eight days after arriving in Korea to marry him. The government has since cracked down on illegal or unlicensed matchmakers.

“They need to understand the reality of marriage in Korea in an objective way before coming here,” a ministry official said.

The number of foreigners marrying Koreans is constantly increasing. As of 2009, there were 125,087 and 87 percent of them were females married to Korean men. By nationality, ethnic Koreans from China and Chinese top the list, followed by Vietnamese and Filipinas.

The number of foreign-Korea marriages has jumped significantly after 2000. According to a survey on multicultural families conducted by the ministry, more than 80 percent of them occurred after the year 2000.

“We are discussing the program with the Ministry of Justice. We want to enforce the compulsory program as soon as possible and the exact date will be decided after more deliberation,” the official said.

If the plan is finalized, the Ministry of Justice won't issue visas to those who do not complete the education program about Korea.

Currently, the ministry offers basic introductory classes on Korea in Hanoi and Ho Chi Minh City in Vietnam, Mongolia and the Philippines, only when the women want to take the course. The new plan is to make this course mandatory to obtain an F-2 visa, the kind of visa issued to who are married to a Korean spouse.

The family ministry also plans to resume the program in Cambodia, which was suspended due to venue problems and expand the service to Uzbekistan where more women are marrying Korean men.

“We will first make it mandatory in the countries we offer the program and expand to more countries,” the official said.

The Korean spouses also have to receive some education before bringing their foreign partners to the country. The justice ministry seeks to revise rules to disallow those who do not complete the course from applying for a visa for their spouse.

Unregistered Cambodian stuck in immigration limbo

An unregistered Cambodian worker, diagnosed with an intractable disease while working here, is stuck in limbo as he is unable to benefit from the state health insurance he desperately needs to cover the huge cost of an operation.

Doctors and civic activists in the southern port city of Busan are making efforts to help Sok Senghorth, 29, get a bone marrow transplant to fight the disease.

Kosin University Gospel Hospital said Sok was diagnosed with aplastic anemia in May. According to the Mayo Clinic's definition, aplastic anemia is a condition that occurs when a person's body stops producing enough new blood cells. The disease requires a bone marrow transplant in the most serious cases.

Sok needs to undergo this operation, but the cost could reach more than 100 million won (\$83,000) without the benefit of the state health insurance policy. Even though doctors and civic groups are donating blood and money, it is not enough.

Sok arrived in Korea in 2006 as a factory worker in Chilgok, North Gyeongsang Province, but soon left the workplace and wandered from one factory after another as an illegal alien.

While he was working more than 10 hours a day at an aluminum plant, he visited a free clinic for foreign workers and was informed of his illness. Because his stay in Korea is illegal, Sok was not allowed treatment at a domestic hospital or any welfare benefits.

Prof. Oh Moo-young of Inje University Medical Center sought to help him and requested Busan Immigration Center to issue him a G1 visa, which allows medical treatment here.

The Ministry of Justice canceled the millions of won in fines for his illegal stay, while Green Doctors, a Busan-based international medical charity group and the Gospel Hospital's Dr. Kim Yang-soo arranged for treatment.

The 100 million won covers preparation for the surgery and post-surgical treatment, though Green Doctors said they would need extra funds to fly Sok's twin sister over as a bone marrow donor.

The hospital said surgeons would perform the operation pro bono surgery if the National Health Insurance Corp. (NHIC) covered the basic fee. However, a G1 visa does not allow a foreigner to subscribe to the state health insurance.

The Busan medical charity organizers gathered Tuesday to draw out a plan for Sok but the immigration authorities and the NHIC reiterated that Sok doesn't qualify for a visa revision nor subscribe to the insurance as he is unemployed, according Prof. Oh.

"He needs an operation. But we cannot perform it as the costs are too much without the insurance coverage," Oh told The Korea Times. "With his G1 visa, he cannot subscribe to the health insurance policy, though he needs it badly."

Oh said the immigration office and NHIC officials are also trying to help him but under current regulations, he is not entitled to insurance.

"So, we are contacting some lawmakers to clear the administrative hurdle. But they also seem to be busy with opening the new National Assembly session," Oh said.

Oh said if Sok was allowed to subscribe to the insurance, the cost would go down to about 15 million won, and the hospital would treat him on the presumption that payment would be settled after treatment.

“We need more money and more attention. It will be a global embarrassment to turn against a sick person just because he is an unregistered patient,” he said.

An immigration official said, “We will make sure Sok does not get deported during his treatment. We will also see what we can do.”

The Shinpyungro Church, which Sok goes to every Sunday, has decided to pay for Sok’s sibling to come to Korea.

Civic group members and churchgoers are holding a nationwide campaign to help him. For more information, call (051) 607-0135.

Japan

Politico-strategic Front:

Beijing's plan for early North nuke talks rebuffed by Tokyo

BEIJING (Kyodo) Japan and China were at odds Saturday over how to restart the six-party talks on North Korea's nuclear programs, with Beijing seeking an early resumption but Tokyo taking a cautious stance.

Foreign Minister Katsuya Okada said his Chinese counterpart, Yang Jiechi, did not confirm North Korean leader Kim Jong Il's reported visit to China since Thursday and his rumored talks with Chinese President Hu Jintao in Changchun, Jilin Province, on Friday.

"Considering the feelings of South Koreans and the South Korean government's position, it's not easy (to resume) the six-party talks soon," Okada told reporters after meeting Yang in Beijing.

Okada was referring to a dispute over the sinking of the South Korean warship Cheonan in March.

Ministerial meeting

BEIJING (Kyodo) Japan and China held an economic ministerial meeting in Beijing on Saturday to boost bilateral coordination in promoting a global economic recovery.

In addition to discussing issues such as labor disputes in China and intellectual property rights, Tokyo asked Beijing to ease export controls on rare metals used in hybrid vehicles.

69% in poll back Kan as DPJ chief

Kingpin Ozawa a distant second with 15%; Cabinet support rate up

Kyodo News

A majority of people polled want Prime Minister Naoto Kan to stay on as leader of the ruling Democratic Party of Japan, far surpassing those who support party kingpin Ichiro Ozawa, according to a survey released Saturday.

The survey conducted Friday and Saturday showed 69.9 percent of those polled back Kan in the Sept. 14 DPJ presidential election, compared with 15.6 percent for Ozawa.

The survey was carried out by telephone on 1,450 randomly selected voters nationwide, of whom 1,029 gave valid answers.

Among respondents who support the DPJ, 82.0 percent said they want Kan to remain as leader — a finding that may well affect voting by eligible DPJ legislators, regional assembly members and rank-and-file supporters of the party.

Public support for Kan's Cabinet came to 48.1 percent, up 9.4 percentage points from the preceding survey early this month, while the disapproval rate was 36.2 percent, down 8.6 points. This marked the first improvement since the July 11 Upper House election.

The survey found that topping the list of reasons for backing Kan's Cabinet, with 48.4 percent of those polled, was the lack of suitable alternatives as prime minister. Low expectations of the Cabinet's economic policies were the main reason for disapproval.

Kan, who became DPJ president and prime minister only three months ago, is to hold a news conference Tuesday to formally announce his candidacy, party members close to him said. Official campaigning for the party election will kick off Wednesday.

Ozawa, who held the party's No. 2 post of secretary general until June, announced his candidacy Thursday. Although Ozawa heads the DPJ's largest intraparty group, Kan expressed confidence Friday he was gaining the upper hand.

Asked about a possible change of prime minister depending on the outcome of the DPJ leadership race, 56.1 percent of those surveyed said they think a general election should be held, while 39.1 percent opposed such a move.

If a new prime minister emerges as a result of the DPJ election, he or she would be the third in a year.

As for handling the divided Diet, in which the DPJ holds a majority in the Lower House but not in the upper chamber, 43.8 percent called for a general election to be held, ahead of 32.7 percent

who favor the DPJ pursuing policy-by-policy "partial coalition" allies among other parties. In addition, 10.9 percent want the DPJ to form a new coalition to regain its majority in the House of Councilors.

Asked to name the next DPJ leader's most urgent tasks, 51.9 percent cited jump-starting the economy and securing employment, followed by 34.3 percent who sought administrative and fiscal reforms to rein in wasteful spending.

Support for major political parties stood at 32.6 percent for the DPJ, 24.7 percent for the Liberal Democratic Party, 12.5 percent for Your Party and 2.6 percent for New Komeito.

They are followed by 2.4 percent for the Japanese Communist Party, 0.9 percent for the Social Democratic Party, 0.5 percent each for Tachiagare Nippon (Sunrise Party of Japan) and Shinto Kaikaku (New Renaissance Party), 0.4 percent each for Kokumin Shinto (People's New Party), the DPJ's tiny coalition partner, and New Party Nippon. Lastly, 19.5 percent said they do not support any particular party.

Kan continues blitz

KITAKYUSHU (Kyodo) Prime Minister Naoto Kan continued his campaign to be re-elected Democratic Party of Japan president in the Sept. 14 poll by visiting Saturday a high-tech factory.

His visit to Toshiba Corp.'s light-emitting diode factory in Kitakyushu came hot on the heels of his consultations Friday with small businesses in Tokyo over the recent yen spike. On Sunday, Kan was scheduled to visit elderly homes in Hyogo Prefecture as part of efforts to formulate better welfare policy.

The series of visits to reach out to the public are part of Kan's efforts to portray himself as the best choice for national leader, as the ruling DPJ president will presumably also become prime minister.

Battle heats up between rival Kan, Ozawa camps

Prime minister targets rank and file, kingpin eyes postmasters, Rengo

Kyodo News

Democratic Party of Japan lawmakers intensified efforts Friday to whip up support for the two contenders in the ruling party's presidential election, Prime Minister Naoto Kan and longtime kingpin Ichiro Ozawa.

The battle between the two camps escalated a day after Ozawa's announcement that he would run in the Sept. 14 poll, which will determine whether Kan can continue to serve as prime minister after only three months in office.

Kan shrugged off widespread concerns the party could be split by Ozawa's challenge. "I'm sure that all party members will be able to work together after the election," he said.

Kan will formally announce his candidacy Tuesday evening, party members close to him said. Official campaigning will kick off Wednesday.

Ozawa, who held the party's No. 2 post of secretary general until June, is focused on garnering votes through major organizations affiliated with the DPJ and his personal ties, while Kan is likely to put more emphasis on appealing to rank and file supporters of the party and the general public.

In the morning, Ozawa met with Yoshifumi Tsuge, who heads the national organization of postmasters, requesting the use of its wide networks to back his poll bid.

Ozawa promised Tsuge that he will seek early passage of a bill to scale back the ongoing postal system privatization if he becomes prime minister, sources at the meeting said.

He also held talks with Japanese Trade Union Confederation (Rengo) chief Nobuaki Koga to request cooperation from the DPJ's largest support group.

Ozawa told Koga he will find an opportunity to explain his view of the money scandal involving his former secretaries to the public.

Ozawa heads the DPJ's largest intraparty group. But Kan appeared confident Friday he was gaining the upper hand in the battle, telling reporters he "feels uplifted."

Many opinion polls have shown Kan ahead of Ozawa, possibly because the public has become weary of seeing a rapid succession of prime ministers while the country goes through a prolonged economic slump.

Many Cabinet members expressed support Friday for Kan, but internal affairs minister Kazuhiro Haraguchi hinted he will back Ozawa.

"I will support the prime minister for his re-election," Land, Infrastructure, Transport and Tourism Minister Seiji Maehara told reporters.

Maehara noted it has been only a few months since Ozawa quit the party's No. 2 post over a political funds scandal, which led to the arrests of three of his aides. DPJ lawmakers "should take into consideration how people react" to the development, he said.

Finance Minister Yoshihiko Noda separately said, "It is not clear why (Ozawa) will run."

Futenma needs 'green' light

Report hints air base decision may hinge on seaweed, dugong

Kyodo News

The Japanese and U.S. governments have ironed out their report on construction options for replacing a contentious U.S. Marine Corps air base in Okinawa Prefecture, according to sources familiar with the matter.

The report mentions two options for building the facility that will replace Futenma air station: two runways in a V-shaped formation, a plan favored by the United States, and a single runway, the option favored by Japan.

The report contains data indicating the single runway option has an environmental advantage, the sources said. According to the data, the single runway would only destroy 67 hectares of seaweed beds, while the V-shaped runways would ruin 78.1 hectares.

The seaweed beds are vital to the survival of the dugong, an endangered marine mammal.

Despite the data, Washington maintains that the V-shaped formation is the best option, based on operational and other factors, the sources said.

The Japanese government will provide an explanation of the report to the Okinawa Prefectural Government on Monday, before publicizing it on Tuesday, they said.

Earlier this month, the United States proposed a major change in flight routes to and from the planned relocation site that would bring U.S. aircraft closer to onshore areas than Tokyo had expected under visual flight rules for the V-shaped formation.

But the two governments decided not to mention that proposal in the report because the Japanese side opposed it on the grounds that it could worsen noise levels and pose greater risks to residents, prompting more discussions on the issue.

In May, Tokyo and Washington agreed to relocate Futenma air base within the prefecture, moving it from densely populated Ginowan to the less populated Henoko district in Nago.

The report marks the end of working-level talks on the thorny issue, but the two sides will try to narrow down the proposals in upcoming talks in September and in later talks to be held between their foreign and defense vice ministers.

The two governments will then aim to reach an agreement at the next bilateral security meeting, the so-called two-plus-two meeting, of their foreign and defense chiefs.

But the government of Prime Minister Naoto Kan plans to delay its final decision on the matter until after the Okinawa gubernatorial election in November, because reaching a bilateral accord before then would increase local opposition.

Prospects for relocation talks also remain uncertain in light of the ruling Democratic Party of Japan's presidential election on Sept. 14, which is pitting Kan against former DPJ Secretary General Ichiro Ozawa.

According to the report, the total area to be occupied by the V-shaped runways would be 205 hectares, with 160 hectares to be reclaimed from the sea. Under the single-runway plan, a total of 150 hectares would be occupied, with 120 hectares reclaimed, the sources said.

The runways are 1,800 meters long in both proposals, the sources said.

The report states the advantages and disadvantages of the two choices from five aspects — safety, operational needs, noise, environment and repercussions for the local community, the sources said.

Spy satellite hit by power problem

Kyodo News

One of four Japanese spy satellites orbiting Earth has malfunctioned and been inoperative since Monday, the government said Saturday.

According to the Cabinet Satellite Intelligence Center, the No. 2 radar satellite, launched in February 2007, appears to be having problems with its power supply and is being examined.

The other three spy satellites, all optical satellites, are working to minimize the impact of the malfunctioning satellite, a Defense Ministry source said.

Malaysia extends counterfeit probe

SHAH ALAM, Malaysia (Kyodo) Malaysian police have obtained a court order to extend the detention of two Japanese until Thursday to facilitate an investigation into an international syndicate dealing with counterfeit money and U.S. Treasury bonds.

Hideo Yamashita, 62, of Gunma Prefecture, and Kunihiro Mori, 68, of Kanagawa Prefecture, were among four people taken into custody Friday when police raided a hotel in Shah Alam, the capital of Selangor state. The other two were a 38-year-old Malaysian man and a 31-year-old Indonesian woman.

"We want to find out how many people have been cheated and the extent of their operation before we decide whether to charge them," a Shah Alam police officer who declined to be named said.

Yamashita, suspected of being the ringleader, apparently told the police he is a descendant of Gen. Tomoyuki Yamashita, a top commander of the Japanese army in Asia during World War II. Among the items seized by the police were dozens of counterfeit World War II currency notes issued by the Japanese government.

Other items included 114 sheets of brown-colored A4-size paper with the words Federal Reserve Bond embossed on them, 150 gold certificates valued at \$100,000 each, four gold coins and five "Federal Reserve Bond" cards.

Futenma plan rife with nondecisions

Staff writer

OSAKA — After three months of meetings, the recommendations for the Futenma replacement base in Henoko, Okinawa, released Tuesday are vague or nonexistent on specific technical points, with no decision on the runway options, approach and departure paths or completion timetable.

The result is an agreement designed more to satisfy the political short-term needs of the Democratic Party of Japan, which in May promised the report would be done by the end of August, than the long-term operational needs of the Japan-U.S. alliance, and one Okinawans are unlikely to accept and are already opposing, according to U.S. officials familiar with the negotiations.

Tuesday's report analyzed two proposals, a plan for two runways in a V configuration that Japan and the U.S. had agreed on in 2006 and a single runway plan that the report says would be slightly cheaper to build due to the need for less landfill in offshore shallows.

The fact that the single runway plan was the subject of negotiations initially surprised some on the U.S. side, who thought the talks would focus on how to make the two-runway pattern viable rather than introduce a whole new plan.

The May 28 Japan-U.S. Security Consultative Committee agreement, signed by Secretary of State Hillary Rodham Clinton and Foreign Minister Katsuya Okada, didn't specify that only the two-runway plan would be considered, but that a group of experts would "study the replacement facility's location, configuration and construction method (and a report) would be completed by the end of the August."

But that was too short a time to seriously study technical issues related to any new plan, U.S. officials felt.

Over the years, the Futenma replacement facility flight path issue has been a source of bilateral tension, with the U.S. saying it has repeatedly asked Japan to air U.S.-supplied information on

flight path requirements and areas around Henoko likely to be affected by noise from flight operations.

Tuesday's report contains no flight path particulars and is vague on the noise impact of both plans, although it does say the single-runway plan, during instrument approaches from and departures toward the northeast, would result in more overflight of land. The flight path issue is one Tokyo has long wanted to avoid being too specific on out of fears of further inflaming opposition in Okinawa.

In addition, there were concerns on the U.S. side that a single-runway plan would require a new environmental impact assessment, further delaying completion of the facility, which had been set for 2014. That deadline was one both sides said wouldn't likely be met when the two-runway plan was the only idea on the table, and is now much less likely given that a formal decision has yet to be made on which runway plan will prevail.

American officials have also said a key component of the May 28 agreement, communication and cooperation with the Okinawan communities, was ignored.

Futenma plan OK: Ozawa

DPJ don eases on base, won't duck charges

Staff writer

Democratic Party of Japan heavyweight Ichiro Ozawa on Thursday backpedaled from his claim the previous day that he had a new, specific plan for relocating U.S. Marine Corps Air Station Futenma and basically said the pact reached in May to move the base to Nago, Okinawa, stands.

Speaking to reporters in the first public debate with Prime Minister Naoto Kan ahead of the party's Sept. 14 presidential election, Ozawa also touched on his possible indictment over the mismanagement of his political funds, saying, "I will not evade (any charges)."

Addressing the contentious Futenma issue, Ozawa said he intends to respect the agreement Kan's predecessor, Yukio Hatoyama, reached with Washington in May to relocate the base to Nago.

"Because most people in Okinawa are opposed to the plan, it will be difficult to carry out. We should put our heads together," Ozawa said at the Japan National Press Club in Tokyo. But "it's not that I have a specific plan at the moment."

During a news conference Wednesday after filing his candidacy, Ozawa said he believes a solution could be reached that is acceptable to both Washington and Okinawa, although he refused to elaborate.

Ozawa's comment triggered speculation that he may have a detailed plan in mind over the Futenma issue that contributed, along with a separate funds scandal, to Hatoyama's resignation in early June.

Reporters also asked Ozawa his course of action over his possible indictment stemming from his own political funds scandal, if he becomes the DPJ leader and thus the next prime minister.

Ozawa faces an automatic indictment if an official judicial review panel, called the Committee for the Inquest of Prosecution, concludes for the second time that he should be charged with falsifying his political funds records.

Article 75 of the Constitution protects a minister from criminal charges without the consent of the prime minister.

Ozawa denied he would evade any indictment if he becomes prime minister.

Three of Ozawa's former aides have already been indicted over the political funds scandal.

Kan, meanwhile, accused Ozawa of high-handed political practices, and called for debate and consensus-building, rather than applying pressure or holding out offers of money to win opponents to his side.

"Mr. Ozawa's way is to show that he has abundant financial resources and the necessary numbers on his side," said Kan. "I'm not alone in feeling this way."

In Thursday's debate, Kan stressed that he has been trying various options to revive the economy through job creation and increasing household income.

But when asked by Ozawa how he would deal with a divided Diet in the extraordinary session that convenes later this year, Kan merely replied that he hopes the opposition parties will join in talks to pass legislation.

Since the opposition camp, which collectively holds an Upper House majority, realizes bills cannot be passed without their votes, they will willingly come to the table, he said.

For his part, Ozawa was mum on rising speculation that he will seek a new alliance with the Liberal Democratic Party, the largest opposition force and his former party, as well as other opposition parties, if he takes the helm.

"I will make comments after I am elected," he said.

On the economic front, Ozawa said he would not push for a consumption tax hike for the next four years and instead focus on slashing wasteful spending.

Kan expressed hope that debate with opposition parties on tax revision, including the sales tax, will begin during the extraordinary Diet session.

New Iran sanctions put freeze on assets

Staff writer

Tokyo announced additional sanctions against Iran over its nuclear programs Friday, including freezing assets of individuals and organizations related to the work, and suspending new Japanese investment in oil and gas development there.

The fresh measures follow a U.N. Security Council resolution adopted in June after Iran refused to adhere to its obligations under the International Atomic Energy Agency and stop its nuclear programs, including uranium enrichment.

"The international community should unite to steadily implement the Security Council resolution," Okada told a morning Cabinet meeting. "It is important that we maintain a window of dialogue with Iran while consistently demanding that it make a wise decision."

The new sanctions, however, don't include restrictions on importing crude oil. Iran is Japan's third-biggest supplier.

According to the Japan External Trade Organization, the nation imported goods worth \$9.3 billion from Iran in 2009, of which more than 95 percent was oil.

Tokyo has long had a friendly relationship with Tehran, and these sanctions could affect bilateral ties, including in the business realm.

During a news conference later Friday, Okada expressed hope that Iran will clear itself of suspicions it is developing nuclear weapons.

"This is our country's hope and wish toward Iran, a longtime friend of Japan," he said.

The sanctions will freeze the assets of 88 institutions and 24 individuals suspected of being linked to nuclear development, including the Islamic Revolutionary Guard and Islamic Republic of Iran Shipping Lines.

Economic Front

¥16 billion Hayabusa-2 space probe project gets green light

Kyodo News

The government has decided to include a ¥16.4 billion project for the Hayabusa-2 probe in its space program, following the successful seven-year round trip to an asteroid by the probe's predecessor.

The unmanned Hayabusa probe, which returned to Earth in June, "boosted Japanese people's self-confidence . . . and made them reaffirm the significance of space development," the government headquarters for space development strategy, comprising Prime Minister Naoto Kan and all of his Cabinet members, said in a statement Friday.

The move came ahead of next Tuesday's deadline for the filing of budget requests for the next fiscal year starting April 2011.

The Hayabusa-2 is scheduled to be launched in fiscal 2014 for a trip to the asteroid 1999JU3, which is believed to be rich in hydrated minerals and organic substances.

The probe will observe the asteroid before landing and collecting samples of rocks and other materials on the surface and in a crater that it will create artificially before returning to Earth in 2020, according to the government.

Joblessness falls first time in half year

Kyodo News

The jobless rate in July fell to 5.2 percent from 5.3 percent the previous month, dropping for the first time in six months, the government said Friday in a preliminary report.

The number of jobless stood at 3.31 million, down 280,000 from a year before and the second consecutive month it has fallen below year-earlier levels, the Internal Affairs and Communications Ministry said.

The seasonally adjusted figure was lower than the 5.3 percent average projected by economists in a Kyodo News survey.

Job availability also improved in July as the ratio of job offers rose to 0.53 from 0.52 the previous month, according to a separate report released by the Health, Labor and Welfare Ministry.

The figure means 53 jobs were available for every 100 job seekers in July.

In July 2009, the jobless rate hit an all-time high of 5.6 percent. It fell to 4.9 percent in January and stayed there in February before climbing back above 5.0 percent in March.

The number of people with jobs stood at 62.71 million in the reporting month, up 10,000 from a year earlier for the first increase in 30 months.

"We need to look carefully at developments," a ministry official said, calling for caution.

By sector, manufacturing and construction were sluggish. Manufacturing payrolls fell by 100,000 and the construction sector shed 170,000 jobs.

Toyota recalls 1.1 million cars over 'any speed' stall

WASHINGTON (Bloomberg) Toyota Motor Corp. said Thursday it will recall about 1.13 million Corolla and Matrix vehicles because of an engine defect that federal regulators said could cause cars to stall "at any speed without warning."

Toyota said in a statement it will recall the vehicles for the model years 2005 to 2008 in the United States and Canada following at least three reported accidents due to the defect.

The action adds to record recalls in the past year by Toyota, including more than 8 million vehicles worldwide for flaws tied to unintended acceleration.

"Toyota concluded that this problem would likely continue to occur, and, therefore, in order to address customer concerns, decided to conduct a voluntary safety recall of all vehicles within the affected range," Chris Santucci, Toyota Motor North America's manager of technical and regulatory affairs, wrote in a letter to the National Highway Traffic Safety Administration.

John Hanson, a spokesman at Toyota's U.S. sales unit in Torrance, Calif., said he doesn't know what the recall will cost the company. The recall includes about 162,000 of General Motors' Pontiac Vibe hatchbacks, which were manufactured in a joint venture with Toyota in California.

"Our goal is to help ensure that Toyota drivers are completely confident in the safety and reliability of their vehicles," Steve St. Angelo, Toyota's chief quality officer for North America, said in the statement.

Toyota said in the statement that there were three unconfirmed accidents alleged to be related to this condition, one of which reported a minor injury.

NHTSA on Aug. 18 upgraded its investigation of the defect to an engineering analysis, a step that can lead the agency to demand a recall. The auto-safety regulator said cracks in engine control units could occur if improperly cured coating was applied to circuit boards.

Olivia Alair, a spokeswoman for the Transportation Department, which includes NHTSA, declined comment on Thursday's recall.

The auto-safety regulator has received 163 complaints, including six crashes, about engines stalling in the cars and began investigating in November.

Ministry to seek 5.7% ODA hike

Kyodo News

The Foreign Ministry said Thursday it plans to request ¥436.96 billion for foreign aid in its fiscal 2011 budget, up 5.7 percent from the initial budget for fiscal 2010, in a bid to curb the declining trend of the nation's official development assistance.

The overall budget request totals ¥648.7 billion for the year starting next April, down 1 percent from the initial fiscal 2010 budget, and features increased outlays to promote Japanese pop culture abroad, and infrastructure and environmental technology exports to spur the nation's growth.

The budget plan also includes spending for the launch of diplomatic missions to the Association of Southeast Asian Nations in Jakarta as well as in Djibouti and the Chinese city of Xian.

In 2009, Japan ranked fifth in terms of ODA spending by industrialized countries, following the United States, France, Germany and Britain, according to the Organization for Economic Cooperation and Development.

Pension fund suffers loss of ¥3.59 trillion

Kyodo News

The Government Pension Investment Fund, which manages the reserves for the National Pension and Employees' Pension Insurance, said Monday it incurred an investment loss of ¥3.59 trillion in the April-June quarter.

The fourth-largest quarterly loss on record was largely due to stock price falls both at home and abroad resulting from the sovereign debt crisis in Europe, slower economic activity in the U.S. and the yen's appreciation, analysts said.

The yield in the first quarter of fiscal 2010 was minus 2.94 percent, fund officials said.

Last year the fund chalked up a return of ¥9.19 trillion, the largest for a single year, thanks to strong foreign stock prices.

Excluding a profit of ¥68.6 billion on the underwriting of Fiscal Investment and Loan Program bonds issued by the government, losses through market investments in the April-June quarter totaled ¥3.66 trillion.

Investments in domestic stocks lost ¥2.05 trillion, overseas stocks ended up ¥2.26 trillion in the red and overseas bonds lost ¥761.7 billion. Investment in domestic bonds yielded ¥1.42 trillion.

NEC sinks \$5 million in SomaLogic

Bloomberg

NEC Corp. said Monday it has invested \$5 million in U.S.-based diagnostics maker SomaLogic Inc. to expand its medical business.

The companies will jointly develop services combining NEC's cloud computing and SomaLogic's blood-testing technology, according to a joint statement. The investment figure was given by NEC spokeswoman Hiroe Okajima.

SomaLogic, based in Boulder, Colo., makes aptamers, molecules that examine proteins to identify disease signatures.

NEC, Japan's largest maker of personal computers, doesn't disclose financial data for its medical business.

Carmakers' output jumps 16.8%

Kyodo News

Vehicle production in July rose 16.8 percent from a year earlier to 866,762 units, increasing for the ninth consecutive month, an industry body said Tuesday.

Production of cars grew 16.0 percent to 746,248 units, while that of trucks increased 21.9 percent to 110,846 units, according to the Japan Automobile Manufacturers Association. Bus production expanded 24.7 percent to 9,668 units.

Exports of vehicles rose 24.4 percent to 422,641 units from the same month last year, marking the seventh straight month of increase, the association said.

By region, exports to other parts of Asia grew 36.9 percent to 47,453 units, while those to Latin America leaped by 81.9 percent to 32,654 units. Exports to North America, the main export destination for Japanese-made vehicles, grew 15.2 percent to 158,417 units.

Industry output up

Industrial production rose a seasonally adjusted 0.3 percent in July from the previous month, turning upward for the first time in two months on greater production of general machinery and chemical products, the government said Tuesday.

The headline reading was stronger than the average market forecast of a 0.3 percent fall in a Kyodo News survey.

The index of output at factories and mines stood at 95.3 against the base of 100 for 2005, the Ministry of Economy, Trade and Industry said in a preliminary report.

Looking ahead, manufacturers polled by METI anticipate output will rise 1.6 percent in August and grow 0.2 percent in September.

Reflecting July's results and the outlook in the coming months, the ministry left its basic assessment on output unchanged, saying, "Industrial production continues to show an upward movement."

But it also continued to warn that there are "moves toward a standstill," as the number of sectors reducing output overwhelmed those with greater production. A total of 10 sectors marked a drop, while five sectors rose and one was unchanged.

Budget requests for 2011 hit all-time high of ¥96.75 trillion

Kyodo News

The general-account budget for fiscal 2011 on a request basis reached a record-high ¥96.75 trillion due to swelling debt-servicing and social security costs, the Finance Ministry said Wednesday.

The amount eclipsed the previous high of ¥95.04 trillion sought for fiscal 2010 through next March 31, leaving the government with the daunting task of trimming the bloated requests in the course of drafting the budget under severe fiscal constraints.

The announcement came after the ministry finished receiving budget requests for fiscal 2011 from central government offices Tuesday.

The initial fiscal 2010 budget stood at a record ¥92.3 trillion.

Under budget request guidelines set this year, the government plans to cap general-account spending, excluding debt-servicing costs, at around ¥71 trillion and the amount of new debt issues at ¥44 trillion — both at the same level as in the current fiscal year.

New vehicle sales climb 46.7%

Kyodo News

Sales of new cars, trucks and buses soared 46.7 percent in August from a year earlier to 290,789 units for the 13th straight monthly increase, an industry group said Wednesday.

Analysts attributed the rise to a rush for fuel-efficient vehicles before the government pulls the plug on subsidies at the end of this month.

Sales of cars, excluding minivehicles, increased 49.0 percent to 267,777 units, the Japan Automobile Dealers Association said.

Truck sales grew 23.0 percent to 21,740 units and bus sales climbed 54.0 percent to 1,272 units.

The Japan Mini Vehicles Association meanwhile said sales of minivehicles in August rose 21.7 percent from a year earlier to 134,197 units, marking record sales for the month of August.

Pension fund to sell ¥4 trillion

Bloomberg

The national public pension fund, the world's largest, will sell about ¥4 trillion in assets this fiscal year to fund rising payouts as the population ages.

That follows asset sales of ¥720 billion, all in Japanese bonds, in the fiscal year that ended in March, Takahiro Mitani, president of the Government Pension Investment Fund, said Thursday.

"Insurance premiums rise little by little every year, but (they aren't) catching up with the increase in payouts," said Mitani, a former executive director at the Bank of Japan.

The fund manages workers' retirement funds in the most rapidly aging population among the Group of Seven nations. The first of the baby boomers will turn 65 in 2012, making them eligible for pension payments and straining the public coffers.

Japanese government bonds have returned 2.8 percent this year, according to an index compiled by Bank of America Corp.'s Merrill Lynch unit. In contrast, the Nikkei 225 stock average has lost 14 percent, the second-worst performer after China in the world's 30 biggest bourses, Bloomberg data show. Bonds are the most suitable asset to sell at this moment, Mitani said, without elaborating on what assets would comprise the total sale amount.

"The ¥4 trillion figure exceeds my estimate of about ¥3 trillion," said Takahiro Tsuchiya, a strategist at Daiwa Institute of Research Ltd. "Given bond yields have fallen this much, the fund is more likely to sell domestic bonds, and I don't think they will sell stocks at this moment."

JGBs accounted for 71 percent of the government fund's ¥117 trillion in assets as of June 30, the fund's statements indicate. Domestic stocks accounted for 11 percent.

People aged at least 65 accounted for 22.2 percent of the population as of the end of last year, the highest among the G7 nations, data compiled by Bloomberg show. That compares with 12 percent in 1990. About 8 million, or 6 percent of the population, were born between 1947 and 1949, regarded as the baby boomer generation, government data indicate.

Japan's 10-year bond yields fell to a seven-year low of 0.895 percent on Aug. 25. Yields have surged since then on speculation a government led by Ichiro Ozawa would sell more debt to fund spending programs.

Ozawa, who heads the ruling party's largest faction, said last week he will challenge Prime Minister Naoto Kan at the Democratic Party of Japan's Sept. 14 presidential election. He has pledged to double a monthly child care allowance and extend the period of subsidies for energy-efficient household appliances. The winner is assured of being prime minister as the DPJ controls the Lower House.

"I'm very concerned about Japan's fiscal condition, but I don't think bond yields will surge to 2 or 3 percent soon," Mitani, 61, said. "If the government takes no action, there's no doubt that the nation's finances will become unbalanced sometime in the future."

Social Front

Study: 4% of school nurses favor cervical cancer vaccination

OKAYAMA (Kyodo) Only 4 percent of about 200 school nurses think it's appropriate to inoculate girls against cervical cancer at school, an Okayama University survey showed Thursday, apparently mirroring the teachers' concerns about their ability to deal with possible side effects.

Mikiya Nakatsuka, a professor at the university and a member of the survey team, said, "I suppose many nursing teachers feel uneasy about providing explanations (about the disease or group vaccination) to parents or coping with side effects."

Nakatsuka said it is important to ease the burden on schools by having doctors or other health care workers undertake such explanations.

The survey also showed that 45.1 percent of 127 health care professionals who responded think group vaccinations are appropriate, but that 47.6 percent were concerned about side effects, while as many as 85.4 percent of the 200 nurses responding had such concerns.

It is often thought desirable for women in their early teens to receive vaccination against cervical cancer as sexual intercourse is one of the main risk factors for the disease.

The vaccine became available in Japan last December.

Record 2,444 Internet crimes handled in first half

Kyodo News

Police responded to a record 2,444 Internet crime cases nationwide in the first half of this year, a National Police Agency survey showed Thursday.

The number, up 586, or 31.5 percent, from a year earlier, represented a new high since the NPA started gathering statistics for Internet crimes, defined as crimes that use a computer network, on a half-year basis in 2004.

The number of fraud cases, including swindling money from a successful bidder by posting false information in an online auction, climbed 22.8 percent, to 867 cases.

The number of child pornography cases jumped 69.6 percent, to 329, a record high for any January-June period, while child prostitution cases increased 21.8 percent, to 212.

The number of child porn cases using the Internet accounted for more than half the total cases involving production and distribution of child pornography during the reporting period, according to the NPA.

The agency attributed the increase in the number of fraud cases partly to increased efforts by police.

The number of copyright infringement cases, including illegal distribution of videos using file-sharing software, came to 56, compared with none in the first half of 2009 and 75 in the second half of last year.

On the other hand, the number of unauthorized computer access cases, such as bidding in an online auction by using a false identity, plunged to 85 from 1,965 in the corresponding period of 2009.

Kids find confidence in speech contest

By TAKAHIRO FUKADA

The Children's International Speech Contest, held Saturday in Tokyo, was unique in that its participants also experienced beforehand various programs promoting cross-cultural understanding.

In the event's second year, 39 children from elementary schools introduced themselves in English and delivered speeches on their assigned countries in either Japanese or English.

Ideas learned through experience, rather than from books, are an important element of a speech, said Madoka Soma, a representative of Somos & Co., the event's organizer.

"Conveying those (experiences and ideas) is fundamental to a speech and will be a necessary skill for future leaders," she said.

Soma, who has worked as a spokeswoman for a major automaker, saw some Japanese, including herself, having a tough time when making presentations in English because they lacked the language skills and experience in delivering speeches.

"People need to start doing (presentations) from their early childhood," Soma said, adding she hopes to hold the contest again next year.

Before the speech contest, children attended several sessions to get hands-on experience on each assigned country by visiting embassies and interacting with foreign students studying in Japan.

On July 24, children and students from overseas were brought together in Tokyo by the Japan International Cooperation Agency. The foreign students, all in high school, helped the children hone their self-introduction speeches in English.

"Does anyone know English?" Soma asked the children in Japanese, and several raised their hand.

The children peered around and seemed nervous at the beginning, but as the session moved along they buckled down and concentrated on crafting their speeches.

Tatsuya Yoshida, 8, from Setagaya Ward, Tokyo, said he wants to be a pro baseball player in the United States.

"When I talk with other members of the team, I will need to use a foreign language," he said.

Extremely nervous about the contest, Yoshida added he finds English letters and pronunciation difficult.

Embassy visits were among the opportunities to explore their assigned countries by becoming "mini ambassadors."

One such visit was Aug. 20 at the Tunisian Embassy.

Among the questions asked by the kids and answered by officials were "Do people eat fruit in Tunisia?" and "Do children living in the desert go to school by riding on camels?"

"I am glad that I could find out what I did not know," said Chisaki Arai, 8, from Niiza, Saitama Prefecture.

Participants also tried cooking Tunisian sweets — dates stuffed with almond paste — with the help of embassy staff.

Maher Trimeche, first secretary at the embassy, was amazed by their eagerness to study his country.

"Their questions are very clever," Trimeche said. "After today, I expect that they will be interested by Tunisia as a country and also some other parts of the world."

The speech contest, supported by The Japan Times, was held at Tokyo University of Foreign Studies in Fuchu.

"I want to become rich because I want to buy everything," one participant said in English.

"I want to be a pilot of international flight. I want to go to other countries," said another, also in English.

Some demonstrated belly dancing, others performed karate or sang the song "London Bridge is alling Down."

The contest was divided into three levels according to the students' English skills.

Yuto Tomuro, 11, of Nishitokyo, won the top prize in the elementary division.

Tomuro said he practiced looking into people's eyes while delivering a speech. He also cooked Tunisian cuisine at home. "I am glad," he said of the honor.

His mother, Mina, 46, said he wasn't good at English.

"It was meaningful that he took a challenge and he conquered his inferiority complex regarding English," she said. "It made him become confident in himself."

Kaede Negoro, 9, of Koganei, Tokyo, won the top prize in the advanced division.

"When making my presentation, I was really nervous and thought I wouldn't make it," Negoro said in Japanese afterward. "When my name was called, I was happy."

One of the judges, Minoru Naito, a lecturer at Tokyo University of Foreign Studies, said he was impressed by the speeches.

"Everyone has practiced really hard and made wonderful speeches," Naito said. "I want children not to forget about their curiosity of the world and convey (their messages) in their own words."

Japan's hottest August since 1946

Kyodo News

This month will likely be the hottest August that Japan has experienced since 1946, when regional temperature data become available after the end of World War II, the Meteorological Agency said Monday, and officials said it could be a result of long-term global warming.

All but one of the nation's four weather regions are expected to post record-high average temperatures for the month, according to a preliminary report based on 29 days' worth of data through Sunday.

The only region to escape the record-breaking heat covers the Amami and Okinawa island chains.

Also, 84 of the 154 meteorological observatories nationwide will likely tie or exceed their highest monthly averages, according to the agency's preliminary data.

The agency said the record heat might be attributable to a long-term trend of global warming, as well as high atmospheric pressure from the Pacific Ocean and continental Asia.

The temperatures exceeded the average year by 2.6 degrees in northern Japan, the zone covering Hokkaido and Tohoku; 2.2 in eastern Japan that ranges from Kanto-Koshin to Tokai; and 2.1 in western Japan stretching to Kyushu.

Of major cities where monthly averages rose to their highest on record, Kyoto saw 30.0 degrees, Osaka 30.4, Hiroshima 30.3 and Fukuoka 30.4.

In Tokyo, the average temperature was 29.5 degrees, 2.4 degrees higher than normal.

Sumo chief pledges no mobsters

Kyodo News

Japan Sumo Association Chairman Hanaregoma pledged in an official declaration Monday to permanently keep mobsters out of sumo.

"We will not allow gangsters at any sumo-related events, from tournaments to training tours to booster club functions to the stables," Hanaregoma said as he read out the declaration at the Ryogoku Kokugikan sumo arena in Tokyo. "We will not let them be involved in any business dealings with sumo."

Ten wrestlers in the top makuuchi and juryo divisions were suspended for the Nagoya Grand Sumo Tournament in July and ozeki Kotomitsuki was banned for life for gambling on baseball, a huge source of revenue for organized crime.

Hanaregoma had been expected to make the declaration after the gambling case was laid to rest.

He has been under pressure to act fast with the Autumn Grand Sumo Tournament starting Sept. 12, and the sumo association — the sport's governing body — is hoping NHK will resume its live sumo broadcasts.

Hanaregoma said he couldn't let the scandal drag on any longer than it already has.

"I'm determined not to let this kind of thing happen again," he said. "The fall basho is approaching fast, and I couldn't allow this to go on any longer.

"But this isn't the end. For sumo to return to what it was before Nagoya, we still have a long way to go."

Association Vice Chairman Hiroyoshi Murayama, a former Tokyo prosecutor who was acting chairman before Hanaregoma took over, said he was pleased by the swiftness with which sumo has acted in trying to rebuild its public image.

Sumo cameras to search for yakuza

Kyodo News

The Japan Sumo Association will use "mob cams" during the Autumn Grand Sumo Tournament at Ryogoku Kokugikan stadium in Tokyo in an attempt to throw organized crime out of the traditional sport.

Determined to remove yakuza from the sport once and for all under new Chairman Hanaregoma, the JSA said Sunday that it will install security cameras at the Kokugikan for the September meet, or "basho," in consultation with the police.

Maruzen, China firm to sell manga e-book content

Kyodo News

Book retailer Maruzen Co. and major Chinese information technology firm Peking University Founder Group Corp. will launch in early October a business to sell electronic versions of manga and specialized books in the two countries, Maruzen said Thursday.

Maruzen will translate manga into Chinese and provide the comics to its partner so Chinese people can read them on cell phones, while the Chinese firm will supply academic and other e-books to Maruzen.

The two firms will serve as sales agents in their respective countries, hoping to sell over 500,000 e-book items and earn ¥10 billion annually within three years, Maruzen said.

They are also considering forming a joint venture to run the new e-book business, it added.

Peking University Founder Group develops computer systems for use by publishing houses and financial institutions and also produces personal computers.

The deal struck by the two firms might help promote the growth of the e-book industry in Asia, analysts said.

Pro-Pyongyang schools may get tuition waiver

Kyodo News

The education ministry is close to allowing pro-Pyongyang high schools for Korean residents in Japan to be covered by the government's tuition waiver program, according to sources.

A ministry panel of experts tasked with determining eligibility has assessed that the Korean schools, which have close ties with the General Association of Korean Residents in Japan (Chongryon), offer educational curricula similar to Japanese high schools, they said.

Under a law that took effect in April, high school students in public schools are exempt from tuition fees, while private and other schools equivalent to high schools receive ¥118,800 to ¥237,600 annually per student depending on household income.

According to the Education, Culture, Sports, Science and Technology Ministry, about 1,800 students currently attend a total of 10 high schools with ties to Chongryon. The ministry's move would pave the way for the schools to receive between ¥120,000 and ¥240,000 per student backdated to April this year.

However, there is strong opposition among lawmakers of the ruling Democratic Party of Japan to the inclusion of the schools in the program, largely due to the past abductions of Japanese nationals by North Korean agents.

The ministry plans to urge the pro-Pyongyang high schools to submit documents, including lists of teachers and employees as well as balance sheets, every three years to verify that funds under the program are being spent properly, the sources said, adding that irregularities could lead to schools being stripped of their eligibility.

Foreign schools, such as international schools, are eligible for the tuition waiver program if they are recognized as equivalent to Japanese high schools after checks with their respective home countries, or if their curricula are accredited by international organizations.

But pro-Pyongyang schools have been excluded as, unlike other foreign schools, it could not be confirmed that they were equivalent to Japanese schools, partly because Japan and North Korea do not maintain diplomatic ties.

Female execs still scarce after labor law debut

Firms' needs, perceptions clash 25 years on

Kyodo News

Twenty-five years have passed since the Equal Employment Opportunity Law for Men and Women was enacted to fight gender inequality in the workplace.

By this time, people might think that a horde of college-educated women are calling the shots at companies as corporate managers.

A survey conducted by Kyodo News, however, shows that is hardly the case.

According to the survey, which covered 110 major corporations, 107 said it is important to use women's talents. But there are large gap between those who have made it to "kacho" (section head) and the larger "bucho" (division head) positions.

Female kacho account for a mere 5.4 percent of managers, while female bucho made up 2.5 percent. That figure slumps further to 1.7 percent for women in executive positions.

By contrast, around 40 percent of the corporate managers in other advanced countries, such as the United States and Germany, are women.

The poll was conducted on top managers or executives in charge of employment matters at 110 companies between late July and early August.

The government is trying to boost the ratio of women in managerial or other leadership positions to 30 percent by 2020, but many companies do not appear enthusiastic about the idea.

When asked to state how many women they wanted in managerial positions, the responding companies said they wanted women to constitute 18.6 percent of section chiefs, 15.4 percent of department heads and 14.4 percent of executives on average.

Still, of all the new hires put into fast-track positions for management this year, an average of 27.7 percent were women.

Companies do want to employ more women because they are in desperate need of highly skilled workers as the working population shrinks. The results suggest there is still a widespread notion that management is a man's job. On the other hand, a significant number of firms want female workers to do more to improve their fortunes.

Asked what they want from women, 27 firms said they want them to reform their companies and 22 said they hope to see them make more use of traits unique to women.

Of those firms who found female employees lacking, 28 said women should acquire a broader perspective, 13 said they should be more flexible and 12 said they do not want them to quit early.

Commenting on the poll results, Takashi Kashima, a gender studies professor at Jissen Women's University, said companies harbor the misconception that women do not possess a broad perspective and are less flexible compared with their male colleagues.

"If they really want female workers to engineer reform, corporate managers should do more to give women their say," he said.

Following the enforcement of the Equal Employment Opportunity Law in April 1986, further legislative reform and in-house changes at companies have done a lot to put men and women on a more equal footing. Still, women remain quite disadvantaged when it comes to obtaining secure employment.

Nonregular workers, who are cursed with only flimsy job security, have become a serious social issue.

And male temp workers sacked by manufacturers have drawn much public attention over the past several years.