

Globalized Business and politics; A View from Muslim world

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Wajid Hussain

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Summary of Report:

South Korea

Politico-Strategic Front;

N. Korea, Myanmar Discuss Expanding Ties Amid Nuclear Concern North Korea and Myanmar discussed expanding relations amid U.S. concerns Kim Jong Il's regime may be helping the Southeast Asian nation's military rulers pursue a nuclear weapons program.

North Korea Threatens 'Physical Retaliation' Against South's Naval Drills North Korea's military warned it may make a "physical retaliation" against South Korean naval ships carrying out military drills near their disputed border later this week, and told all shipping to avoid the area.

Liberal educator clashes with ministry over elite schools The liberal education superintendent of North Jeolla Province has clashed with the central government over the issue of the elite or autonomous private high schools. While progressive educators, seeking egalitarian education,

oppose the schools, the Lee Myung-bak administration that focuses on elitism and competition among students, support them.

Korean destroyer named Top Gun in exercise A South Korean warship equipped with the Aegis Combat System has been selected as a Top Gun ship during annual multinational maritime war games in the waters off Hawaii, the Navy said Tuesday.

South Korea finalizing report on sunken warship South Korea is completing a report that will explain in greater detail why it concluded that the reclusive North sunk its warship in a March torpedo attack, a U.S. defense official said on Tuesday. The official, who spoke on the condition of anonymity, did not know when the report would be finished and declined to offer details on its content.

South Korea drills draw North ire, no retaliation seen South Korea will stage military drills from Thursday near a tense maritime border with communist North Korea, the site of the sinking of one of the South's warships in March. Pyongyang threatened "physical retaliation" if the exercise went head, but analysts said the response echoed similar bellicose remarks by the reclusive state in recent months, and that the chances of a military escalation were slim.

Moscow not to make public probe outcome on warship sinking' Russia will not make public the outcome of its probe into the sinking of a South Korean warship, a Russian diplomat has said, amid mounting criticism of North Korea for the incident despite Pyongyang's denial, Yonhap News reported in Washington Wednesday.

Iran sanctions could be biggest challenge for Seoul: scholar The Iranian nuclear crisis will weigh more heavily on South Korea in the future, although Seoul has been trying to distance itself from international politics in doing business with the oil-rich Islamic country, a scholar in Washington said Wednesday.

'Korea' a large part of Obama's vocabulary US President mentions Korea twice as many as Japan, It seems that "Korea" is a large part of President Barack Obama's vocabulary and frequently used as a synonym as a prime example for success. Korea has appeared in more than one in 10 key speeches that he has delivered since taking office in January 2009, much more frequently than many of his country's key allies. Obama has talked about Korea in 36 of his 342 public speeches, whereas he has only mentioned Japan and France in 17 of them, according to The Korea Times's analysis of his past speeches collected on the website of the Washington Post.

North Korea Warns of Physical Retaliation Against South Korea Over Drills North Korea said it will counter with "strong physical retaliation" joint military exercises by South Korea and the U.S. and plans to deploy a nuclear-powered U.S. aircraft carrier off South Korea's western coast. The warning isn't an "empty threat," the state-run Korea Central News Agency reported

today, citing a commentary in the Rodong Sinmun daily newspaper. The naval drills off the Korean Peninsula are an “intolerable challenge” and a “premeditated military provocation to ignite a war,” the newspaper said, according to KCNA.

South Korea Urges North to Release Fishing Boat, Crew as Tension Increases South Korea called on North Korea to return a fishing boat and its crew seized by the communist nation amid heightened tensions over military exercises involving the U.S. Navy.

North Korea Fires Artillery, Raising Tensions After Seizing Fishing Boat North Korea fired artillery into waters off the peninsula’s west coast and near the border with South Korea today, after the communist country threatened to retaliate against military exercises involving the U.S. Navy.

North Korea Seeks Joint Probe With U.S. Accuser on Sinking of South's Ship North Korea proposed working with the U.S. to probe the sinking of a South Korean warship, which the Obama administration blamed on the communist country. Kim Jong Il’s regime also suggested “an early opening” for talks with U.S. generals during a meeting yesterday with the United Nations Command, the state-run Korean Central News Agency reported. A joint inspection team should be permitted to inspect the salvaged warship and the site where it sank, as well as interview witnesses, it said.

South Korea Protests North Korean Artillery Fire, Yonhap News Reports South Korea expressed “deep concern” after North Korea fired artillery shells yesterday, Yonhap News said, citing the defense ministry in Seoul. South Korea told the North Korean military in a letter today it will take “firm action” against further provocation, Yonhap said.

Google Raided by Korea Police in Probe of Street View South Korean police raided Google Inc.’s Seoul office as part of an investigation into possible breaches of privacy laws resulting from the company’s collection of data for its Street View mapping service.

Korea to hold summit with Equatorial Guinea today President Teodoro Obiang Nguema Mbasogo of Equatorial Guinea arrived in Seoul Wednesday for a summit with President Lee Myung-bak today to promote bilateral efforts regarding energy and infrastructure construction, according to Cheong Wa Dae. It is the first visit by a president of the Central African nation since the two countries forged diplomatic ties in 1979.

Iranian ambassador ratchets up pressure As Seoul faces pressure from the United States to impose stronger sanctions on Iran, the Iranian ambassador here has been warning that this could lead to possible economic disadvantages. Ambassador Mohamad Reza Bakhtiari said one of these could be halting of oil imports in an interview aired by the cable news channel YTN Tuesday.

'North Korea begged China for food aid' North Korean leader Kim Jong-il asked China for \$10 billion worth of direct investment and one million tons of food during his visit to Beijing last May, according to the Tokyo Shimbun newspaper, Friday. Quoting an anonymous diplomatic source based in Seoul, the Japanese daily said that “apart from the direct investment, Kim asked Chinese Premier Wen Jiabao to offer one million tons of food and 800,000 tons of oil.” But China refused to make any promises, it said.

Lee conducts reshuffle of vice ministers President Lee Myung-bak named Park Young-joon, the vice minister of the Prime Minister’s Office (PMO) who is embroiled in an influence-peddling scandal, as the second vice minister of knowledge economy, in a reshuffle of vice minister-level officials Friday.

Economic Front:

S. Korea sees \$30 bln trade surplus in 2010, above fcast South Korea is on course to achieve a \$30 billion trade surplus by year's end as it is expected to have already reached its earlier forecast of \$23 billion by the end of this month, Economy Minister Choi Kyung-hwan said on Saturday.

South Korea, U.A.E. to Cooperate on Energy Exploration, Stockpiling of Oil South Korea and the United Arab Emirates agreed to cooperate on energy exploration and stockpiling of crude oil, deepening ties after the Asian nation won a \$20 billion contract to build nuclear plants in Abu Dhabi.

Daewoo to Work With Israel Corporation on Rotem Power Station, an Industrial Info News Alert Researched by Industrial Info Resources (Sugar Land, Texas) -- In June, OPC Rotem Limited (Tel Aviv, Israel), a subsidiary of Israel Corporation Limited (TLV:ILCO) (ILCO) (Tel Aviv), announced that it had signed a contract with Daewoo International Corporation (SEO:047050) (Seoul, South Korea) for a gas-fired combined-cycle power station in Israel. Daewoo, a trading organization under the Daewoo Group, has agreed to serve as the design-build firm and will provide turnkey services, according to the contract.

Hanwha Chem to buy 50 percent of Solarfun for \$370 million South Korea's Hanwha Chemical (009830.KS) will acquire a 49.99 percent stake in Chinese photovoltaic (PV) cell maker Solarfun Power Holdings Co (SOLF.O) for 434 billion won (\$370 million) to expand into new products in China. In a joint statement, Hanwha and Solarfun said Hanwha would pay \$10.72 per American Depositary Share, or a 4.6 percent premium to Monday's closing price.

Asahi plans \$9.2 billion war chest for M&A The head of Japan's Asahi Breweries said he expects to have \$9.2 billion on tap for acquisitions over the next five years as it looks for new growth drivers outside the shrinking domestic beer market.

Apple Gets South Korea's Approval to Sell iPhone 4 Apple Inc. received approval from South Korea's regulator to sell the iPhone 4 in the country, the Korea Communications Commission said in a statement today.

South Korea Says Banks Cut Swaps Excess by More Than Half to Meet Rules The Bank of Korea said foreign and domestic banks have slashed holdings of foreign-exchange derivatives, "adapting well" to rules aimed at curbing currency volatility. South Korea is a small, open economy that is vulnerable to surges in capital flows, Vice Finance Minister Yim Jong Yong said on June 9, noting that \$65 billion was removed from the country in the four to five months after the 2008 collapse of Lehman Brothers Holdings Inc.

Protest in Peru against gas exports turns violent Hundreds of Peruvians opposed to natural gas exports sabotaged facilities at a pipeline owned by foreign firms on Wednesday as conflicts over natural resources weigh on President Alan Garcia's last year in office. Local media said two security personnel were taken hostage but released

S. Korea says facing downside risks despite recovery South Korea's economy continues to face downside risks including slowing recoveries in major markets but is still improving fast, the finance ministry said on Thursday. Annual growth in the country's department store sales in July slowed to 8.6 percent from a 10.8 percent rise in June, the ministry said.

SK Energy to Invest in Biomass Project in China, Electronic Times Says SK Energy, South Korea's biggest oil refiner, formed a joint venture with a Chinese company that will invest in a new biomass plant in China's Shandong province, the Electronic Times reported.

Daewoo Engineering May Win \$948 Million Order From Morocco, Herald Reports Daewoo Engineering & Construction Co. may win a 1.1 trillion won (\$948 million) order from Morocco to build a coal-fired power plant, Herald Business newspaper reported, without saying where it got the information.

South Korea Unemployment Rate Climbed to Three-Month High of 3.7% in July South Korea's unemployment rate climbed to a three-month high as the government wound down employment programs begun after the global crisis. The jobless rate increased to 3.7 percent in July from 3.5 percent the previous month, Statistics Korea said today in Gwacheon, citing seasonally adjusted figures. The rate hit a 10- year high of 4.8 percent in January.

Korea Leads Slump in Asia Swap Rates as Policy Makers May Defer Tightening Asian interest-rate swaps fell, led by the biggest slide since May in South Korea, on speculation central banks will refrain from policy tightening as the global economic recovery wanes. The contracts signal the Bank of Korea may leave borrowing costs unchanged tomorrow after a government report today showed unemployment climbed to a three-month high. The Federal Reserve pledged to keep its target overnight lending rate between banks near zero for an extended period, saying expansion in output and jobs has slowed. China, which including Hong Kong is the biggest

export market for Malaysia, South Korea and Taiwan, reported the smallest increase in industrial production in 11 months for July.

Dana Says Korea National Won't Raise \$2.7 Billion Offer Dana Petroleum Plc, the U.K. explorer focusing on North Sea and Africa, rejected a 1.7 billion-pound (\$2.7 billion) takeover offer from Korea National Oil Corp., saying the state-run crude producer was unwilling to raise its proposal.

Hyundai Heavy Gets \$700 Million Order to Build Two Solar Plants in Arizona Hyundai Heavy Industries Co., the world's largest shipyard, signed a contract to build two solar power plants for Matinee Energy Inc. for \$700 million. The plants, which will have a combined capacity of 175 megawatts, will be built in Arizona by the end of 2012, the Ulsan, South Korea-based company said today in an e-mailed statement.

S Korea Economy May Already Be in Expansion Phase, Kim Says South Korea's economy may have already entered an expansionary phase, the country's central bank governor said today. Inflation expectations may rise due to higher public fees, Bank of Korea Governor Kim Choong Soo told a briefing after keeping interest rates unchanged at 2.25 percent.

Bank of Korea Says Inflation Likely to Accelerate on Demand South Korea's central bank said inflation will likely accelerate as solid economic growth boosts demand. The domestic economy is maintaining its upward trend and growth is continuing, the Bank of Korea said in a statement today after keeping interest rates unchanged at 2.25 percent. Exports, consumption and investment are all boosting growth, it said.

Social Front:

Samsung Invests \$865M in Greener Products, Manufacturing Samsung spent \$865 million last year developing greener products and making its manufacturing sites more efficient as part of a multi-pronged efforts to become one of the most environmentally friendly companies in the world.

85% of teenage single moms stop education Professor Je Seok-bong of the Catholic University of Daegu surveyed 73 teen mothers from 35 facilities nationwide at the request of the Ministry of Education, Science and Technology. The student mothers were 16.7 years old on average, and freshmen in high school. About a quarter of them first had sexual intercourse when they were 15, or third grade in middle school. Of them, 85 percent stopped their education. For instance, 34 percent quit vocational high school, 18 percent dropped out of middle school and 14 percent left high school.

South Korean teenager Noh says yes to PGA invite Teenager Noh Seung-yul has become the first South Korean to be invited to play at the U.S. PGA Championship, local media reported on Tuesday.

Hepatitis B linked to lymphoma in study People infected with hepatitis B virus are around twice as likely to develop non-Hodgkin lymphoma, researchers reported on Tuesday. Hepatitis B was already known to cause liver cancer and some scientists had suspected it might cause lymphoma, too. The study, published in Lancet Oncology, confirms this. Hepatitis C is also linked to lymphoma.

Los Angeles designates Aug. 7 as 'Yu-na Day' The prominent Korean figure skating star Kim Yu-na has been acknowledged by the city of Los Angeles with a special day, Aug. 7 to commemorate her success.

Seoul's senior population tops 9% The number of senior citizens aged 65 or over has almost hit the 1 million mark in the heavily populated city of Seoul, according to a recent survey.

Kan Will Hand Over Korean Artifacts in Apology for Japan's Colonial Rule Japan's Prime Minister Naoto Kan promised to return Korean historical artifacts seized during colonial rule between 1910 and 1945, while reiterating his country's "deep remorse" for the occupation.

FIFA Is Investigating Treatment of North Korea World Cup Squad, AFP Says FIFA President Sepp Blatter said soccer's governing body is investigating reports North Korea's World Cup squad was publicly humiliated and head coach Kim Jong Hun sentenced to hard labor, Agence France-Presse reported.

(Cyber Space) Internet users mull new attack on Japanese website A number of South Korean Internet users are mulling another round of attacks on a Japanese website in an ongoing cyber battle sparked by offensive remarks made by Japanese users earlier this year, Yonhap News reported.

Global culture icons to come here for C20 summit The Korea Image Communication Institute announced its official outline for the Culture 20 (C20) Summit, Wednesday, detailing the event's schedule for participating cultural icons. CICI is hosting an immersive Korean educational program for international figures from G20 member countries from Sept. 8 to 10, ahead of the November G20 Summit in Seoul.

Japan

Politico-Strategic Front

Nuke sanctions on Iran said imminent Japan's stance complicated by need for oil The government plans to compile punitive measures against Iran over its nuclear ambitions in early August, following the adoption of a resolution by the U.N. Security Council in June to impose new sanctions on Tehran, government sources said.

Two plans eyed for Futenma A Japan-U.S. working-level group of experts will provide two options for relocating U.S. Marine Corps Air Station Futenma to Camp Schwab in Nago's Henoko district, a draft report showed Sunday.

21% of lay judges felt decisions guided by pros Survey reveals mixed feelings on due process, About 21 percent of the people who have served as lay judges in criminal trials since the new system got off the ground a year ago say they felt that professional judges tried to influence their judgment, a survey says.

Hiroshima mayor to urge Japan to leave U.S. nuclear umbrella Hiroshima Mayor Tadatoshi Akiba says he will urge Japan to withdraw from the U.S. nuclear umbrella in his peace declaration Friday at the annual ceremony marking the 1945 atomic bombing of the city.

Kan hints he won't be signing off on Futenma plan for months Prime Minister Naoto Kan, faced with strong opposition in Okinawa, hinted Monday it will be months before he finalizes a plan for relocating the Futenma air base. During his first full Diet debate since taking office in June, Kan said relocating the U.S. base is one of the major issues facing his Cabinet.

DPJ may resubmit policy unit bill The Democratic Party of Japan will once more consider trying to get a bill passed to upgrade the government's policy unit into a more strategic bureau if it wins support from Your Party, DPJ Secretary General Yukio Edano said Sunday.

Computer criminal blows probation Tokyo police said Wednesday they have arrested a 27-year-old man in Osaka on suspicion of using a computer virus to destroy stored data. Masato Nakatsuji is believed to have destroyed computer property by using an "ika-tako" (squid-octopus) virus to change icons for data files in infected computers into humorous octopus illustrations.

Hatoyama to head China green pact The Democratic Party of Japan will launch a group to promote Sino-Japanese cooperation on environmental issues later this month, with former Prime Minister Yukio Hatoyama serving as chairman, DPJ sources said Thursday.

'Terror blast' hit Japanese tanker in Gulf strait An explosion that damaged a Japanese oil tanker in the Strait of Hormuz last week was a "terrorist attack," the coastguard in the United Arab Emirates, where the ship docked for repairs, said on Friday.

Japan's Ruling Party Plans Regional Holiday Schedule to Cut Traffic Jams Japan's proposal to stagger national holidays by region, the second overhaul of the vacation schedule in a decade, would mean fewer long weekends and could create accounting headaches for business owners.

Cabinet support up to 39% The public support rating for the Cabinet of Prime Minister Naoto Kan has risen slightly to 38.7 percent, up 2.4 percentage points from the previous survey last month, according to a Kyodo News poll released Monday.

Guam against enlarging area for Okinawa marine influx The government of Guam opposes expanding the local military zone by building new facilities to accept some 8,000 U.S. Marines from Okinawa, as agreed to by Japan and the United States, according to a letter it has sent to a navy official. The Defense Department then indicated completing the transfer in 2017 is an option.

Apology just to South irks North, North Korea has criticized Prime Minister Naoto Kan for issuing an apology Tuesday only to South Korea over Japan's 1910-1945 colonial rule of the Korean Peninsula.

Scandal-hit JSA chief exits, cites sickness Japan Sumo Association Chairman Musashigawa resigned Thursday due to health concerns and amid a scandal involving gambling and organized crime that has tainted the national sport.

Economic Front

China rapidly boosts investments in JGBs Officials express concern over motive for expansion China sharply expanded investments in Japanese government bonds in the first months of this year, apparently to increase exposure to stable Japanese vehicles against the backdrop of the European debt crisis, data from the Finance Ministry and other sources showed Saturday.

Toyota to blitz emerging markets Toyota Motor Corp. aims to raise its global sales ratio for areas other than Japan, Europe and the United States to 50 percent from the current 40 percent, a senior company official said Monday, noting the automaker's focus on emerging economies as key sources of potential growth.

Itochu logs 97% group profit rise Itochu Corp. on Monday reported a group net profit of ¥40.23 billion for the April-June period, up 96.9 percent from a year earlier, on higher resource and energy prices. Operating profit in the first quarter increased to ¥47.16 billion from ¥13.09 billion the year before on sales of ¥2.73 trillion, up 24.5 percent, the trading house said.

Mitsui loath to ante \$480 million Mitsui & Co. has refrained from paying \$480 million in bills from BP for costs related to the damaged Gulf of Mexico oil well, in which the trading house holds an indirect stake. Mitsui is expecting more bills from BP for cleaning up the worst oil spill in U.S. history, Chief Financial Officer Junichi Matsumoto said at a news conference Tuesday, when it announced a 79 percent gain in first-quarter earnings

Suzuki profit rises on India demand Suzuki Motor Corp. boosted first-quarter profit sevenfold on growing vehicle demand in India. Suzuki posted net income of ¥15.16 billion for the three months that ended in June, compared with ¥2.14 billion a year earlier, the company said Tuesday. Sales rose 14 percent to ¥656.28 billion from ¥577.14 billion, it said.

Japan's Inpex acquires 25 pct of Peru oil block Inpex Corp (1605.T), Japan's top oil and gas explorer, said on Friday it has acquired a 25 percent stake of Peru's onshore oil lot 117 from a unit of Brazil's Petrobras (PETR4.SA). The block marks the first project for Inpex in the country.

Mitsui, Ruchi to Build \$1 Billion Steel Complex in Gujarat, Mint Reports Mitsui & Co. and Ruchi Group plan to build a \$1 billion steel complex in Gujarat, India, the Mint newspaper reported, citing a local government official it didn't identify. The plant will have an initial production capacity of as much as 1.5 million metric tons, according to the report on the newspaper's website.

Honda saw 12% surge in China auto sales in July Honda Motor Co.'s July sales in China increased by 12 percent to 56,688 vehicles from a year earlier, Chief Financial Officer Yoichi Hojo said Thursday. Rising wages in China after strikes prompted Honda to temporarily halt production there will have little impact on earnings, Hojo said.

Import sales up 57% Sales of new imported vehicles, including Japanese models made overseas, rose 56.6 percent to 21,683 units in July as Nissan Motor Co.'s launch of a Thai-made compact and government subsidies for fuel-efficient cars boosted sales for the ninth consecutive month, an industry body said Thursday.

Japan Communications Service Allows iPhone on DoCoMo Network, Nikkei Says Japan Communications Inc. will this month start a service that allows iPhone 4 owners to use the network of NTT DoCoMo Inc., the Nikkei newspaper reported, without citing anyone. Currently, Softbank Corp. sells the iPhone in Japan, and subscribers are locked into the Softbank network. To use the new service, customers would have to buy an iPhone from abroad and pay a monthly fee, the report said.

Ebara Jumps Most in a Year After Boosting Operating Profit Forecast 50% Ebara Corp., a Japanese pump maker, jumped the most in almost a year in Tokyo trading after raising its half-year operating profit forecast 50 percent to 9 billion yen (\$105 million).

Toyota Ends Exports to Iran Amid Sanctions to Avoid U.S. Conflict: Nikkei Toyota Motor Corp. halted auto exports to Iran to avoid conflict with U.S. and United Nations sanctions over Iran's nuclear program, Nikkei English News reported, without saying where it got the information. About 4,000 Toyota vehicles were shipped to Iran in 2008, 250 in 2009 and 230 this year through May, Nikkei said, citing information from Toyota.

Hewlett-Packard Told to Pay \$270 Million Back Taxes in Japan, Asahi Says Hewlett-Packard Co.'s Japanese unit was ordered to pay 23 billion yen (\$270 million) in back taxes after failing to report 47 billion yen in taxable income during the two-year period through October 2006, the Asahi newspaper said.

Honda to Fix Battery Software in 90,000 Civic Hybrid to Slow Degradation Honda Motor Co., Japan's second- biggest seller of gasoline-electric cars, will fix a software flaw in about 90,000 Civic Hybrids sold in the U.S. that can cause their batteries to wear out sooner than expected.

Japan Airlines May Say Assets Now Exceed Liabilities, Nikkei Reports Japan Airlines Corp. may say assets exceed liabilities by 24.8 billion yen (\$290.9 million) compared with a prior estimate of negative 12.2 billion yen because of results in the April-June quarter, Nikkei English News said without saying where it obtained the information.

Japan Tobacco Says Proportion of Japanese Who Smoke Fell to 23.9 Percent Japan Tobacco Inc. said the percentage of Japanese who smoke fell to 23.9 percent in 2010 from 24.9 percent in 2009, citing the results of a survey. The number of smokers is continuing to decline, the company said, attributing the trend to aging of the population, health consciousness, regulations and a tax increase set for October.

Japan Buys Most Milling Wheat in 2 Weeks in Regular Tender, Ministry Says Japan purchased 144,905 metric tons of milling wheat in a regular tender, the biggest volume in two weeks, the Ministry of Agriculture, Forestry and Fisheries said. Shipment is set from Oct. 1 to 31, according to the ministry. The volume was the most since July 27, when the government bought 153,326 tons.

Taiwan, Japan Bourses in Discussions to Cross-List Exchange-Traded Funds Taiwan Stock Exchange is in talks to list exchange-traded funds in Japan to tap Asia's largest stock market and advance its ambition of becoming an international fund-raising center.

Wal-Mart Supplier Li & Fung Offers \$901 Million for Distribution Company Li & Fung Ltd., the biggest supplier of clothes and toys to Wal-Mart Stores Inc. and Target Corp., is offering about HK\$7 billion (\$901 million) to buy out a distribution company, gaining a network in China.

Mahindra Named Preferred Bidder for Ssangyong Stake Mahindra & Mahindra Ltd. was named preferred bidder for a controlling stake in South Korea's Ssangyong Motor Co. as India's largest maker of sport-utility vehicles aims to raise sales outside its home market.

Foot-and-mouth losses may cost Miyazaki ¥235 billion The economic impact on Miyazaki Prefecture from the outbreak in April of foot-and-mouth disease among livestock is likely to total ¥235 billion over the next five years, the prefecture said. It is the first estimation by the prefecture of overall losses by its industries, including the livestock, tourism and transportation sectors.

Social Front:

JAL crash victims remembered Family, friends mourn those lost as worst single-aircraft accident marks 25th anniversary Relatives and friends of those who died in the 1985 Japan Airlines jumbo jet crash marked the 25th anniversary of the world's worst single-aircraft accident Thursday by climbing to the crash site in Gunma Prefecture to offer prayers to those lost.

Mom: no remorse for kids' deaths A 23-year-old mother who was arrested Friday after the rotting corpses of her two toddlers were found at their apartment in the city of Osaka has told investigators that she wanted time for herself, police sources said Saturday.

Population falls for first time since '07 Japan's population fell to 127,057,860 in the year to March 31, down for the first time in three years, largely because of an increase in the number of deaths amid the aging of the population, data released by the internal affairs ministry showed Saturday.

(Cyber Space) Yakult Swallows fan claims Twitter's 20 billionth tweet Twitter's 20 billionth message didn't make much sense, but it spoke volumes about the rapid global growth of the microblogging service. Japanese tourists and their guide who were rescued by a military helicopter from flood-hit northeastern Pakistan arrived safely late Monday in Islamabad.

(Cyber Space) Yahoo Japan vows to stay competitive Yahoo Japan Corp. will remain competitive with Google Inc. even after adopting Google's Internet search engine and online ad technology, because the two firms will use their own editing and advertising policies, Yahoo Japan President Masahiro Inoue said.

Pro-North Korea schools in pipeline for tuition waiver The education ministry will include pro-Pyongyang high schools in the government's tuition waiver program, sources said Wednesday. Education minister Tatsuo Kawabata has said he will reach a conclusion by the end of August. He said Wednesday the expert panel will discuss the matter "in a quiet environment" and its conclusion will be publicized.

Ambassador Roos Is First U.S. Representative to Hiroshima Event U.S. Ambassador John Roos attended the annual Hiroshima ceremony to commemorate the atomic bombing of the city 65 years ago, the first American representative to do so. Roos, the top U.S. diplomat in Japan, was joined by Ban Ki- Moon, the first UN Secretary-General to attend the event. The U.K. and France also sent envoys to Hiroshima for the first time.

More nurses, caregivers arrive from Indonesia under agreement About 110 Indonesian nurses and caregivers arrived in Japan on Saturday, seeking to pass the national qualification exam for jobs under the bilateral free-trade agreement. Japan, a rapidly aging society, began accepting nurses and caregivers in 2008 from Indonesia and the Philippines, with which Japan struck a similar FTA, as national exam applicants.

Miyazaki set to issue foot-and-mouth all-clear The Miyazaki Prefectural Government has said no abnormalities were found in safety checks it conducted on all of the more than 900,000 cows and pigs raised by farmers in the prefecture following the serious outbreak of foot-and-mouth disease three months ago.

Over 75% back death penalty: poll A Kyodo News poll shows that 75.9 percent of the public supports the death penalty, far exceeding the 19.5 percent who oppose capital punishment.

Tropical Storm Dianmu Approaches Japan's North After Killing Five in Korea Japan's Meteorological Agency issued warnings for heavy rain, high waves, storm surges and landslides as Tropical Storm Dianmu approached the country's north after leaving five dead in South Korea.

Abu Dhabi crash kills four Japanese Five people, including four Japanese nationals, were killed in a traffic accident outside Abu Dhabi on Wednesday, according to the Foreign Ministry in Tokyo and media reports.

South Korea

Detailed News:

Politico-Strategic Front:

N. Korea, Myanmar Discuss Expanding Ties Amid Nuclear Concern

July 31 (Bloomberg) -- North Korea and Myanmar discussed expanding relations amid U.S. concerns Kim Jong Il's regime may be helping the Southeast Asian nation's military rulers pursue a nuclear weapons program.

North Korean Foreign Minister Pak Ui Chun met Myanmar counterpart Nyan Win yesterday in Naypyidaw where they "exchanged views on the issue of developing the friendly relations," state-run Korean Central News Agency reported, without elaborating.

U.S. Secretary of State Hillary Clinton said on July 22 in Hanoi, where she was attending Asia's largest security forum that she was concerned Myanmar wants to develop nuclear weapons. Jane's Intelligence Review released an article last week with newly available commercial satellite images that it says corroborate allegations by Myanmar defector Major Sai Thein Win that the government is pursuing a nuclear bomb.

Myanmar told its counterparts in the Association of Southeast Asian Nations last week in the Vietnamese capital that it's not seeking nuclear weapons.

North Korea is under United Nations sanctions banning arms trade and limiting cross-border financial transactions after it tested nuclear devices in 2006 and last year.

North Korea Threatens 'Physical Retaliation' Against South's Naval Drills

By Shinhye Kang - Tue Aug 03 05:47:37 GMT 2010

North Korea's military warned it may make a "physical retaliation" against South Korean naval ships carrying out military drills near their disputed border later this week, and told all shipping to avoid the area.

South Korea plans to stage anti-submarine exercises for five days starting Aug. 5 to improve the nation's defenses. The South says a North Korean torpedo sank one of its warships in March, killing 46 sailors. The North denies the charges, accusing the South of fabricating evidence.

The maneuvers by South Korea "are not simple drills but undisguised military intrusion into the inviolable territorial waters of" the North, state-run Korea Central News Agency said, citing the army. "It is the unshakable will and steadfast resolution of the army and people of the DPRK to return fire for fire," it said, using the initials of the North's official name.

North Korea's threats come amid heightened tension in the region following the sinking of the Cheonan. South Korean and U.S. forces last week carried out joint-military exercises off the east coast that Secretary of Defense Robert Gates said were aimed at deterring the North. Twenty ships, including the aircraft carrier USS George Washington, took part on the drills, together with hundreds of aircraft and thousands of troops.

North Korea and its ally, China, have both said the presence of the Washington threatens security on the Korean peninsula, which has been divided since civil war ended with a stalemate in 1953. China objected to the presence of the U.S. naval power in a region that it increasingly regards as its sphere of influence.

Secretary of State Hillary Clinton clashed with Foreign Minister Yang Jiechi last month over what China sees as unwarranted interference in the South China Sea. China last week declared its claims to almost all of the sea to be "indisputable" and warned the U.S. not to "internationalize" disputes with neighboring countries.

U.S. involvement "can only make matters worse and more difficult to solve," Yang said.

Liberal educator clashes with ministry over elite schools

By Kang Shin-who

The liberal education superintendent of North Jeolla Province has clashed with the central government over the issue of the elite or autonomous private high schools. While progressive educators, seeking egalitarian education, oppose the schools, the Lee Myung-bak administration that focuses on elitism and competition among students, support them.

Kim Sueng-hwan, the top educator in the province, has recently decided to cancel the licenses of the two autonomous schools; Namsung High School in Iksan City and Gunsan Jungang High School in Gunsan City. The two schools were designated last May as autonomous institutes before Kim took office in June and are currently recruiting students for the next academic year.

In response to the move, the Ministry of Education, Science and Technology said Monday it will stand firm, claiming that Kim violated the Education Law.

“Education superintendents must talk with the education minister before they designate autonomous private high schools, according to the law,” said Koo Jan-moon, a ministry official. “Unless an agreement between the education ministry and regional offices is made, education superintendents are not allowed to alter the status of private high schools,” he added.

The ministry has already delivered these warnings to the top educator and plans to take punitive actions against the regional education office.

The Education Law does not stipulate whether education superintendents have to gain approval from the ministry when they cancel licenses of the autonomous schools. It just says education authorities may change the status of the schools after assessing their performance every five years.

The government has introduced these kinds of elite schools, given greater autonomy in organizing their curricula, recruiting teachers and managing other school affairs, as part of efforts to diversify high school education. These schools are allowed to charge students tuition nearly three-fold that of ordinary schools.

Korean destroyer named Top Gun in exercise

A South Korean warship equipped with the Aegis Combat System has been selected as a Top Gun ship during annual multinational maritime war games in the waters off Hawaii, the Navy said Tuesday.

In a July 12 fire-support exercise of the Rim of Pacific (RIMPAC) 2010, Korea’s Sejong the Great KDX-III destroyer competed with 18 other warships to accurately hit a target 7.2 kilometers away with their 5-inch main guns.

Each ship fired five shots, and as a result, the 7,600-ton Sejong the Great was in error by a total of 75 meters, the Navy said in a news release. Other ships were in error by more than 100 meters in total, it said.

The results were reported to participants Aug. 1 after an after action review following the 40-day-long RIMPAC 2010 exercise, which started June 23, according to the release.

This year's exercise involved 34 ships, five submarines, more than 100 aircraft and 20,000 personnel.

"The outstanding achievement, I believe, has come from the high defense readiness posture and perfect routine teamwork trainings of our service members," Chief of Naval Operations Adm. Kim Sung-chan said in his congratulatory message sent to the Korean fleet. "We should maintain these efforts and ability to be used during real-time situations."

Korea commissioned warship in December 2008 to develop its blue-water capability.

The Aegis System, built by Lockheed Martin of the United States, is the world's premier surface-to-air/fire-control system, capable of simultaneous operations against aircraft, ballistic and cruise missiles, ships and submarines. Only a few countries, such as the United States, Japan, Spain and Norway, have Aegis warships.

The second KDX-III destroyer entered service last year and one more hull is to be launched before 2012.

The KDX-III ship's SPY-1D radar can track some 1,000 aircraft within a 500-kilometer radius simultaneously, providing a full 360-degree coverage. They can carry SM-2 ship-to-air missiles with a range of 170 kilometers.

The destroyer can transport two mid-sized helicopters and 300 crewmembers. It is able to sail at a maximum speed of 30 knots, with a cruising range of 10,000 kilometers. Its per-unit price is \$1 billion.

The 166-meter-long, 21-meter-wide vessel can carry 128 sophisticated missiles, including locally-developed ship-to-ship missiles in its MK41 Vertical Launch System and Korea Vertical Launch System, as well as torpedoes.

Missile systems for the ship include ship-to-air SM-2 Block IIIA/B Tactical Standard missiles, built by Raytheon Systems, with a range of 170 kilometers; Cheonryong (sky dragon) ship-to-surface cruise missiles with a range of more than 500 kilometers; and Hongsangeo (red shark) long-range ship-to-submarine torpedoes with a target range of 19 kilometers.

Among the other major armaments are the 150-kilometer-range Hae Seong (sea star) ship-to-ship missiles, the RAM MK-31 guided missiles, a 30-mm "Goalkeeper" system for engaging

incoming sea-skimming anti-ship missiles and a 5-inch/62-caliber MK 45 Mod 4 lightweight gun.

The ship is equipped with radar-evading stealth technology and the domestically-built SLQ-200(V) SONATA electronic warfare system.

South Korea finalizing report on sunken warship

WASHINGTON Aug 3 (Reuters) - South Korea is completing a report that will explain in greater detail why it concluded that the reclusive North sunk its warship in a March torpedo attack, a U.S. defense official said on Tuesday.

The official, who spoke on the condition of anonymity, did not know when the report would be finished and declined to offer details on its content.

Pyongyang has denied that it was involved in the sinking of the Cheonan corvette, which killed 46 sailors. The United Nations last month condemned the incident but, in deference to China, stopped short of blaming North Korea by name.

The sinking of the Cheonan has heightened tensions on the Korean peninsula and prompted the United States to announce expanded sanctions against the North. The U.S. and South Korean militaries have also launched a series of joint military exercises in a show of force meant to deter any future attack.

The United States assisted the South Korean investigation immediately following the incident, along with investigators from Britain, Australia and Sweden.

South Korea drills draw North ire, no retaliation seen

SEOUL (Reuters) - South Korea will stage military drills from Thursday near a tense maritime border with communist North Korea, the site of the sinking of one of the South's warships in March.

Pyongyang threatened "physical retaliation" if the exercise went ahead, but analysts said the response echoed similar bellicose remarks by the reclusive state in recent months, and that the chances of a military escalation were slim.

Seungjoo Baek, of the Korea Institute for Defense Analyses think-tank, rejected the North's threats of retaliation as rhetoric, but cautioned that Pyongyang could respond in the future by test firing a missile.

"If North Korea takes military action against South Korea, South Korea will strongly retaliate against North Korea's military," he said, adding the South would easily defeat the North in the event of any war.

Chinese Foreign Ministry spokeswoman Jiang Yu repeated a call for all sides to "work hard at devoting themselves to maintaining peace and stability on the Korean peninsula".

Tensions heightened on the peninsula in March following the torpedoing of the Cheonan corvette, which killed 46 sailors. The South, with the backing of Washington, blamed the North for the sinking, but Pyongyang denied any involvement.

Unlike its joint military exercises with the United States off the east coast last month, the South's drills will take place off the west coast in the vicinity the Cheonan sinking.

South Korea said its five-day exercise would involve land, air and naval forces, including 20 submarines and antisubmarine aircraft. Firing drills will also take place on five islands near the Northern Limit Line, a site of several deadly clashes since the 1950-53 Korean War.

"These exercises will serve as an opportunity to complete our combat readiness, so that we can prevent enemy provocation," the South's military said in a statement on Wednesday.

North Korea's state news agency KCNA said the army had adopted a "decisive resolution to counter the reckless naval firing projected by the group of traitors with strong physical retaliation".

NEW COLD WAR?

In a show of force meant to deter any future attack, the South Korean and U.S. militaries held combined drills last month, drawing an angry response from Pyongyang. Retaliatory threats by the North, however, came to nothing.

The drills also angered China, the North's only powerful ally, which said they threatened its security and regional stability.

Last month, in deference to China, the United Nations condemned the Cheonan sinking, but stopped short of blaming North Korea by name.

Hyung-A Kim, a Korean expert at the Australian National University, said the exercises off the peninsula and concurrent air drills by China's military contributed to the makings of an East Asian-style Cold War.

She said the United States and China, the North's closest ally, must transcend the Cheonan incident and work toward reaching a compromise which would enable the resumption of multilateral nuclear talks.

Six-way talks involving North and South Korea, the United States, Japan, Russia and China have been in limbo since 2007 and a 2005 disarmament deal appeared to lose relevance when Pyongyang tested a long-range missile and a nuclear device.

South Koreans have become used to shrill rhetoric from both sides, including threats of war, since conservative President Lee Myung-bak adopted a hard line policy against the North demanding it abandon its nuclear program in return for aid.

"I believe that it is necessary to show a strong stand against North Korea. The military drills, in that sense, are important. We need to build up our national strength," said Cheon Ki-youn, 73, a bus driver in Seoul.

Moscow not to make public probe outcome on warship sinking'

Russia will not make public the outcome of its probe into the sinking of a South Korean warship, a Russian diplomat has said, amid mounting criticism of North Korea for the incident despite Pyongyang's denial, Yonhap News reported in Washington Wednesday.

"Our experts will prepare and they have prepared their report to our political leadership," Russian ambassador Vitaly Churkin told a news conference at U.N. headquarters in New York Tuesday. "We have no intention of making it public. The essence of this report is reflected in our contribution to the text of the presidential statement which was read on July 9."

Russia joined forces with China at the U.N. Security Council last month to dilute the presidential statement, which ultimately condemned the sinking of the Cheonan without directly blaming North Korea.

Reports indicate the Russians concluded that a sea mine sank the ship, killing 46 sailors in the Yellow Sea in March. That is at odds with the investigation by South Korea, the U.S., Australia, Britain and Sweden, which blamed a torpedo fired by a North Korean mini-submarine.

Russia sent a team to Seoul in June to verify that result.

State Department spokesman Philip Crowley last week reiterated that a North Korean torpedo attack was responsible for the Cheonan disaster.

"We participated with South Korea and other countries in the investigation of the sinking of the Cheonan," Crowley said at the time. "We have reached our own conclusion and we have not changed our view. Russia sent its own investigators to South Korea. Those Russian investigators can provide their own report."

Iran sanctions could be biggest challenge for Seoul: scholar

The Iranian nuclear crisis will weigh more heavily on South Korea in the future, although Seoul has been trying to distance itself from international politics in doing business with the oil-rich Islamic country, a scholar in Washington said Wednesday.

"The Iranian nuclear crisis is Seoul's biggest future challenge," Alon Levkowitz, a professor at Hebrew University of Jerusalem, told a forum here. "If the Iranian nuclear crisis peaks and significant sanctions are imposed on Iran, or if the situation deteriorates further, Seoul will have

to take a stand and deal with the implications this crisis will have on its trade and investments in the region."

Levkowitz's remarks comes just days after Robert Einhorn, the State Department's special adviser for nonproliferation and arms control who oversees U.S. sanctions on North Korea and Iran, called for South Korea's cooperation in banning business ties with blacklisted Iranian entities.

Washington, the European Union and several of their allies announced in recent weeks new sanctions on Iran to press the Islamic country to abandon its alleged nuclear weapons programs, threatening to sanction foreign companies and banks involved in transactions with blacklisted Iranian entities and individuals.

South Korean firms are concerned that any limited business with Iran will greatly undermine their long-term opportunities there in the petrochemical, construction and plant export industries amid China's growing influence.

China, which has invested heavily in Iran despite international sanctions, has said it opposes new sanctions on Iran by the U.S. and its allies, calling for more dialogue with Iran to address its uranium fuel, which Tehran insists is for power generation.

Levkowitz said that South Korea has kept a balanced position on Iran and economic considerations ruled South Korea's diplomacy with Iran for the past decade, "following mainly the obligatory sanctions imposed on Iran by the U.N. Security Council while refraining from voluntary harsh measures toward Iran, as other U.S. allies, including Japan, have taken."

"These voluntary sanctions require a political decision to pay an economic price for the coordinated international counterproliferation efforts, a price Seoul is not ready to pay and not required to make," the scholar said.

As a result, South Korea's energy imports and other trade with Iran did not suffer greatly, and South Korean firms, including LG, Hyundai, Samsung Electronics, Hanjin Heavy Industries and Daewoo Shipbuilding, have signed billion-dollar contracts with Iran in the past years, he said.

South Korea's trade with Iran reached \$10 billion last year. Iran, the world's fourth biggest crude oil producer, supplied 8.7 percent of South Korea's oil last year.

The scholar also said the Iranian nuclear crisis, if coupled with North Korea's, would have a far-reaching impact on South Korea.

"From Seoul's point of view, an Iranian crisis might have additional implications if Pyongyang perceives the escalating Iranian crisis and the U.N. Security Council response as a threat to its security and decides to escalate the tension on the Korean Peninsula," he said. "This link between Iran and North Korea and the U.S. pressure to increase sanctions on Iran will be part of the equation that Seoul will need to consider in the future."

'Korea' a large part of Obama's vocabulary

US President mentions Korea twice as many as Japan

It seems that “Korea” is a large part of President Barack Obama’s vocabulary and frequently used as a synonym as a prime example for success.

Korea has appeared in more than one in 10 key speeches that he has delivered since taking office in January 2009, much more frequently than many of his country’s key allies.

Obama has talked about Korea in 36 of his 342 public speeches, whereas he has only mentioned Japan and France in 17 of them, according to The Korea Times’s analysis of his past speeches collected on the website of the Washington Post.

The first African American President mentioned Australia and Britain, staunch allies of the United States, in just six and nine of his past speeches, respectively.

He talked about Singapore once, Taiwan twice, Italy and Turkey five times, Brazil 18 times, Germany 30 times, Russia 28 times and China 60 times.

Observers say both his wording and the sheer number of Korea references in his remarks reflect Obama’s deep interest and trust in Asia’s fourth largest economy, especially as a role model for economic success and education.

“South Korea is a great ally of ours. I mean, when I visited there, there's no country that is more committed to friendship on a whole range of fronts than South Korea,” he said in a speech given in Baltimore on Jan. 29.

Obama once compared Korea’s success with Kenya, his ancestral land, in a speech in July last year at the G8 Summit on Climate, Global Economy.

“When my father traveled to the United States from Kenya to study, at that time the per capita income and gross domestic product of Kenya was higher than South Korea's,” he said. “Today obviously South Korea is a highly developed and relatively wealthy country.”

In the speech, he attributed the extraordinary economic progress of Korea to its painstaking efforts to create a set of institutions that provide transparency and accountability and efficiency.

His respect for Korea’s economic success can also be seen in an interview with MSNBC on July 15, in which he thanked Korean firms for expanding business in the United States.

“Now when they look at Holland, Mich., and they say, ‘Instead of jobs moving overseas we're seeing jobs move from South Korea here to the United States,’ that's something that gives them a sense of a future,” Obama said.

He has also stressed the need to endorse a free trade agreement (FTA) with Korea in his several of his speeches.

“My administration will work to resolve outstanding issues regarding the United States-Korea free trade agreement by the time that I visit Korea in November,” Obama said on June 27 at the G20 Summit in Toronto.

“This will create new jobs and opportunity for people in both our countries, and enhance America’s competitiveness in the 21st century.”

Korea will be the first host and chair of the next G20 Summit, which will be held on Nov. 11 and 12, from the Asian region and by a developing country.

In a speech in Washington, D.C. on July 7, the U.S. President reiterated his willingness to conclude the bilateral FTA as a means to promote the world’s largest economy’s exports.

“I’ve instructed U.S. Trade Representative Ron Kirk to begin discussions to help resolve outstanding issues with the pending Korean Free Trade Agreement before my visit to Korea in November,” he said.

As for education, he repeatedly expressed his envy on Korea’s zeal for education.

“They (Koreans) want their students learning everything – math, science, foreign languages - all as soon as possible,” he said at a job training center in Lanham, Md., on Feb. 16.

He noted that Korean parents want their kids to excel because they understand that whichever country out-educates the other is going to outperform others in the future.

When he talks about education reform, Obama enjoys sharing an anecdote regarding a conversation with President Lee Myung-bak.

“When I visited South Korea last year - and I’ve told this story before - I had lunch with President Lee. And I asked him, ‘What’s your biggest education challenge?’” Obama said in a speech delivered at the job training center.

“And he said, ‘My biggest issue, my toughest fight, is that Korean parents are too demanding. They want their children to learn English in first grade, and so I’ve had to ship in a whole bunch of foreign-speaking teachers to meet the demand.’”

North Korea Warns of Physical Retaliation Against South Korea Over Drills

By Eunkyung Seo - Sat Aug 07 03:47:50 GMT 2010

North Korea said it will counter with “strong physical retaliation” joint military exercises by South Korea and the U.S. and plans to deploy a nuclear-powered U.S. aircraft carrier off South Korea’s western coast.

The warning isn't an "empty threat," the state-run Korea Central News Agency reported today, citing a commentary in the Rodong Sinmun daily newspaper. The naval drills off the Korean Peninsula are an "intolerable challenge" and a "premeditated military provocation to ignite a war," the newspaper said, according to KCNA.

North Korea's military warned on Aug. 3 it may take "physical retaliation" against South Korean naval ships carrying out maneuvers near their disputed border and told all shipping to avoid the area.

North Korea's threats come amid heightened tension in the region following the sinking of the South Korean warship Cheonan in March. South Korean and U.S. forces last month carried out exercises off the east coast.

Twenty ships, including the nuclear-powered aircraft carrier USS George Washington, took part in the drills, together with hundreds of aircraft and thousands of troops. The U.S. also plans to send the carrier to South Korea's western coast in the coming months for more exercises, sparking opposition from China.

North Korea and its ally, China, have both said the presence of the George Washington threatens security on the Korean peninsula, which has been divided since civil war ended with a stalemate in 1953.

South Korea two days ago began its own anti-submarine exercises in its western waters that will last until Aug. 10.

South Korea Urges North to Release Fishing Boat, Crew as Tension Increases

By Bomi Lim - Mon Aug 09 04:27:50 GMT 2010

South Korea called on North Korea to return a fishing boat and its crew seized by the communist nation amid heightened tensions over military exercises involving the U.S. Navy.

"We call on North Korea to take swift measures in line with international law and urge for a quick return," Unification Ministry spokesman Chun Hae Sung told reporters today in Seoul.

The incident follows repeated threats from North Korea to retaliate "physically" against joint U.S.-South Korea naval drills, held in response to the sinking of a South Korea warship in March. An independent panel blamed a North Korean submarine for the torpedo attack, which killed 46 sailors.

North Korea may use the fishing-boat seizure as a way to initiate dialogue with the South without seeming to bow to international pressure, said Kim Yong Hyun, a professor of North Korean studies at Seoul-based Dongguk University.

“North Korea can’t afford to aggravate the situation with an incident that was obviously caused accidentally,” Kim said.

North Korean authorities questioned the four South Koreans and three Chinese aboard the fishing yesterday for allegedly violating the sea border off the peninsula’s east coast, Chun said. A North Korean patrol towed the 41-ton Daeseung into the North’s territory yesterday, according to the last communication from the vessel, a South Korean Coast Guard official said yesterday by phone.

The exact location of the boat at the time of the seizure can’t be verified, said the official, who couldn’t be named, in line with government policy.

Stricter Sanctions

North Korea faces stricter U.S. sanctions targeting government officials and banks after the international panel blamed Kim Jong Il’s regime for the March 26 warship sinking. The Daeseung, which left the southern South Korean port of Pohang on Aug. 2, was scheduled to return on Sept. 10, Chun said

“The crew and property of any fishing vessel detained by North Korea should be well treated and we hope for their quick and safe return,” Ben Chang, a spokesman for the U.S. National Security Council, said yesterday in Washington. “We support the Republic of Korea’s call for this matter to be resolved quickly in accordance with international law.”

In a show of alliance after the Cheonan sinking, the U.S. and South Korea staged naval drills, involving a nuclear-powered U.S. aircraft carrier, off the peninsula’s eastern coast between July 25 and 28. More exercises will be held over the “next several months,” aimed at deterring further provocations by North Korea, Pentagon spokesman Geoff Morrell told reporters on Aug. 5 in Washington.

North Korea denies responsibility for the torpedo attack. The United Nations Security Council in July condemned the sinking without naming a culprit.

South Korea remains technically at war with North Korea since their 1950-53 war ended in a cease fire, which was never replaced by a peace treaty.

North Korea Fires Artillery, Raising Tensions After Seizing Fishing Boat

By Bomi Lim and Sookyung Seo - Mon Aug 09 21:28:09 GMT 2010

North Korea fired artillery into waters off the peninsula’s west coast and near the border with South Korea today, after the communist country threatened to retaliate against military exercises involving the U.S. Navy.

North Korea fired at least 110 shells between 5:30 p.m. and 6:14 p.m. local time, a defense ministry official in Seoul said, confirming a television report by YTN. The artillery fell into the North's waters and no South Korean casualty was reported, said the official, who declined to be named because of ministry policy. South Korea's navy heightened its combat-readiness, the official said.

The shelling comes amid heightened tensions on the Korean peninsula after the North was accused of torpedoing a South Korean warship in March near their disputed western sea border. North Korea has repeatedly threatened to retaliate "physically" against joint South Korea-U.S. naval drills.

"North Korea is carrying on its promise for retaliation and may further escalate the tension by firing short-range missiles or firing artillery into South Korean waters," said Kim Yong Hyun, a professor of North Korean studies at Seoul-based Dongguk University. "Raising tensions with the outside world will help North Korea's leadership garner internal support."

North Korea faces stricter U.S. sanctions targeting government officials and foreign banks after a South Korean-led multinational panel blamed Kim Jong Il's regime for the March 26 sinking of the Cheonan.

'Not Helpful'

A U.S. State Department spokesman, Philip J. Crowley, said the North Korean action was "not a helpful sign."

"This is exactly the kind of behavior we would like to see North Korea avoid," Crowley said today. "If past is prologue," he said, "we're likely to see more provocations."

"All we can continue to communicate to North Korea is that there will be no reward for these provocations," Crowley said. "North Korea will continue to be isolated."

In a show of unity after the Cheonan incident, the U.S. and South Korea staged drills off the peninsula's eastern coast between July 25 and 28. More exercises will be held over the "next several months," aimed at deterring further provocations by North Korea, Pentagon spokesman Geoff Morrell told reporters on Aug. 5 in Washington.

South Korea today finished its own anti-submarine drills in its western waters.

Fishing Boat

North Korea yesterday seized a South Korean fishing boat off the peninsula's east coast for allegedly violating the sea border, South Korea's Unification Ministry spokesman Chun Hae Sung told reporters today in Seoul. Chun called on North Korea to quickly return the 41-ton Daeseung and its seven crew members.

North Korea denies responsibility for the March 26 attack on the Cheonan, which killed 46 sailors. The United Nations Security Council in July condemned the attack without naming a culprit.

North Korea doesn't recognize the western sea border demarcated by the United Nations after the 1950-53 Korean War ended in a cease fire. The dispute caused naval skirmishes between the two countries in 1999 and 2002.

North Korea Seeks Joint Probe With U.S. Accuser on Sinking of South's Ship

By Bomi Lim - Wed Aug 11 06:15:37 GMT 2010

North Korea proposed working with the U.S. to probe the sinking of a South Korean warship, which the Obama administration blamed on the communist country.

Kim Jong Il's regime also suggested "an early opening" for talks with U.S. generals during a meeting yesterday with the United Nations Command, the state-run Korean Central News Agency reported. A joint inspection team should be permitted to inspect the salvaged warship and the site where it sank, as well as interview witnesses, it said.

North Korea has responded to U.S. and South Korean claims it sank the Cheonan in March with threats to wage war against any outside aggressor. Its navy this week fired a barrage of shells into waters close to a disputed border, a day after seizing a South Korean fishing boat and detaining the crew.

"The North must have thought talks with the UN are going nowhere and would much rather deal directly with the U.S. on the issue," said Yang Moo Jin, a professor at the University of North Korean Studies in Seoul. "Neither the UN nor the U.S. will agree to accepting the inspection team when South Korea strongly refuses to allow the perpetrator to visit its own crime scene."

Calls today to the spokesman's office at the United States Forces Korea weren't answered.

A South Korean-led multinational team concluded in May that North Korea had fired a torpedo from a mini-submarine off the peninsula's west coast, killing 46 sailors. The UN Security Council in July condemned the attack, without naming a culprit.

Colonels Meet

Yesterday's meeting between North Korea and the UN Command at the border village of Panmunjom was the fourth in less than a month. The colonel-level talks are aimed at paving the way for generals from both sides to discuss the Cheonan sinking.

South Korea's Red Cross today sent a letter to its North Korean counterpart urging a swift return of the captured fishing boat and its crew, Unification Ministry spokeswoman Lee Jong Joo told reporters in Seoul. The letter also called on North Korea to explain why the boat was detained.

North Korea hasn't made any communication with South Korea over the incident, Lee said.

South Korea remains technically at war with North Korea after their 1950-53 conflict ended in a cease-fire. The North doesn't recognize the western sea border demarcated by the UN after the war, causing naval skirmishes with the South in 1999, 2002 and November 2009.

South Korea Protests North Korean Artillery Fire, Yonhap News Reports

By Bomi Lim - Tue Aug 10 02:11:04 GMT 2010

South Korea expressed "deep concern" after North Korea fired artillery shells yesterday, Yonhap News said, citing the defense ministry in Seoul. South Korea told the North Korean military in a letter today it will take "firm action" against further provocation, Yonhap said.

Google Raided by Korea Police in Probe of Street View

By Jun Yang and Saeromi Shin - Tue Aug 10 11:54:34 GMT 2010

South Korean police raided Google Inc.'s Seoul office as part of an investigation into possible breaches of privacy laws resulting from the company's collection of data for its Street View mapping service.

Law-enforcement officials confiscated materials from Google in a raid today and will ask the company to surrender all data that may have been collected illegally from late last year until May, the Korean National Police Agency said in a statement. Google said it will cooperate with the investigation.

The Korean authorities follow investigations in Europe and the U.S. over Google's data collection. The probes began after the company said in May that it had mistakenly gathered wireless Internet data while photographing residential streets worldwide.

"We will cooperate with the investigation and answer any questions they have," Google said in an e-mail.

Google, whose Street View service allow users to click on maps to see 360-degree views of roads, is entangled in regulatory disputes in several countries related to online searches, advertising and maps. The South Korean police said it began investigating Google after it learned that Google saved private data collected over wireless networks.

'Meaningful' Data

Hong Kong's privacy commissioner said last month the Internet company won't face a formal investigation in the city because the data collected didn't contain any "meaningful" information on individuals, echoing comments from the U.K.'s Information Commissioner's Office.

Australia's Privacy Commissioner Karen Curtis said last month Google will consult with the regulator for any "significant" new products in Australia during the next three years after the company apologized for collecting personal information.

Still, the company has been sued in California over claims Google's Street View program violates federal wiretapping and California privacy laws.

Google said on July 9 it would resume dispatching cars in Ireland, Norway, South Africa and Sweden to collect imagery for the Street View service after the company removed gear that scanned private information.

Korea to hold summit with Equatorial Guinea today

By Na Jeong-ju

President Teodoro Obiang Nguema Mbasogo of Equatorial Guinea arrived in Seoul Wednesday for a summit with President Lee Myung-bak today to promote bilateral efforts regarding energy and infrastructure construction, according to Cheong Wa Dae.

It is the first visit by a president of the Central African nation since the two countries forged diplomatic ties in 1979.

At the summit, Lee and Obiang will exchange views on issues of mutual concern such as cooperation in the energy sector including petroleum and gas exploration as well as a partnership on infrastructure construction, the presidential office said in a press release.

They also plan to discuss ways to share Korea's development experience to ensure the success of Equatorial Guinea's long-term development project, Agenda 2020.

During his four-day stay here, Obiang is also scheduled to inspect industrial facilities associated with energy and water resources.

Since oil was first discovered in Equatorial Guinea in 1996, it has emerged as one of the fastest growing economies in Africa.

It is now the third largest oil producer in sub-Saharan Africa, after Nigeria and Angola. Its annual wealth has increased 5,000 percent since 2002.

Iranian ambassador ratchets up pressure

As Seoul faces pressure from the United States to impose stronger sanctions on Iran, the Iranian ambassador here has been warning that this could lead to possible economic disadvantages.

Ambassador Mohamad Reza Bakhtiari said one of these could be halting of oil imports in an interview aired by the cable news channel YTN Tuesday.

“Although I haven’t heard anything concrete about the plan, according to Korea’s reaction, anything can happen,” YTN quoted him as saying in the interview.

Bakhtiari has been speaking out in the wake of a U.S. request made by Robert Einhorn, the State Department’s special adviser for nonproliferation and arms control. Einhorn was in Seoul from Aug. 1 to Aug. 3, during which he encouraged Seoul to side with efforts to put additional pressure on Iran over the latter’s nuclear program. The Korean financial authorities began an audit of the Seoul branch of Bank Mellat, Iran’s state commercial bank, which has been blacklisted by the U.S.

South Korea and the United States are close allies in military and diplomatic issues. But Iran is also an important market for South Korea that has provided critical business opportunities to Korean firms.

Bakhtiari first spoke out in an interview with the JoongAng Ilbo on Aug. 6, saying that “Whoever is exerting or applying any sanction on Iran, first of all they are depriving themselves of good potential business opportunity. The huge Iranian market is open to everybody to enjoy benefits.” He added that Iran would not idly sit by if another party puts restrictions on it.

Speaking to Yonhap News three days later, the ambassador seemed to tone his words down a little.

“They don’t have to follow suit if there’s a third party asking them to have more restrictions or sanctions unilaterally being imposed upon a member country of the United Nations,” he said on Monday. “If you take any steps backward in your relations with Iran, Iran is not going to take steps forward toward you,” he said.

Corresponding with the ambassador’s thinly-veiled words, Iranian Vice President Mohammad-Reza Rahimi was quoted by the Associated Press on Monday as saying that the Iranian government would increase the level of tariffs on Korean products coming into Iran if Korea moves to isolate it.

On Tuesday, the Ambassador’s warning was challenged by Great Britain.

The British Ambassador to Korea Martin Uden encouraged the Korean government to join international efforts against Iran.

Talking to the JoongAng Ilbo, the ambassador said, “Because Korea’s interest in the Middle East will be threatened if we see an escalation of tension there,” Korea’s sanctions will bear good fruits in the long run.

High-ranking officials have recently signaled that Seoul may stick to sanctions taken by other countries against Iran.

A finance ministry official told The Korea Times Tuesday that Seoul had told Washington that evidence against Bank Mellat's branch here of actions linked to Iran's nuclear program was not strong enough to order it shut down.

'North Korea begged China for food aid'

By Kim Se-jeong

North Korean leader Kim Jong-il asked China for \$10 billion worth of direct investment and one million tons of food during his visit to Beijing last May, according to the Tokyo Shimbun newspaper, Friday.

Quoting an anonymous diplomatic source based in Seoul, the Japanese daily said that "apart from the direct investment, Kim asked Chinese Premier Wen Jiabao to offer one million tons of food and 800,000 tons of oil."

But China refused to make any promises, it said.

Kim reportedly returned home one day earlier than he had originally planned because he failed to convince Beijing to assist the country, which is suffering from severe poverty.

Some sources said Wen promised assistance but the amount is unknown.

One day earlier, the newspaper reported that following Kim's visit, Beijing had acknowledged his deteriorating health and sent a note to the United States.

According to the Ministry of Unification, this year's food shortage in the reclusive North is expected to reach 1.3 million tons.

The food and economic conditions there have gone from bad to worse, especially after the Cheonan crisis, reports said.

After the joint investigation concluded that it was a North Korean torpedo that sunk South Korea's naval ship Cheonan in March, South Korea cut trade flows with North Korea.

In the international arena the communist state further lost credit, making previous donors reluctant to provide food.

Lee conducts reshuffle of vice ministers

President Lee Myung-bak named Park Young-joon, the vice minister of the Prime Minister's Office (PMO) who is embroiled in an influence-peddling scandal, as the second vice minister of knowledge economy, in a reshuffle of vice minister-level officials Friday.

The transfer of Park, 50, a close aide to Lee's elder brother, former National Assembly Vice Speaker Lee Sang-deuk, is expected to stir up controversy as he had been under pressure to resign amid allegations that he was behind an illegal surveillance of businessmen and politicians.

On Wednesday, the prosecution indicted three former PMO officials, including Lee In-kyu, who were in charge of the civil service ethics division, for implementing the surveillance activities.

The main opposition Democratic Party (DP) suspects the involvement of a fraternity of senior officials whose hometowns are Yeongil and Pohang in North Gyeongsang Province.

The so-called Yeongpo group has had close ties to President Lee, who was raised in Pohang, as well as some aides, including Park and Choi See-joong, chairman of the Korea Communications Commission, according to the party.

"Park should have been sacked. We just don't understand why Lee has gone with such an unethical figure," a DP spokesman said.

Park has also reportedly been at odds with some reform-minded lawmakers of the governing Grand National Party, including Chung Doo-un, a member of the conservative party's decision-making Supreme Council.

In the reshuffle affecting some 20 officials as a follow-up to Sunday's sweeping Cabinet shake-up, Yook Dong-han, 51, a senior PMO official, was promoted to succeed Park as the vice minister.

President Lee also tapped his former spokesman Park Sun-kyoo as the second vice culture minister and promoted Yoo Sung-kull, chief of the finance ministry's budget planning bureau, to the post of vice minister.

Economic Front:

S. Korea sees \$30 bln trade surplus in 2010, above fcast

JEJU South Korea, (Reuters) - South Korea is on course to achieve a \$30 billion trade surplus by year's end as it is expected to have already reached its earlier forecast of \$23 billion by the end of this month, Economy Minister Choi Kyung-hwan said on Saturday.

"Our economy has been recovering at a faster pace than expected. It is a recovery led by exports and large business groups," he told a forum in the southern resort island of the country.

In the first half, the world's ninth-largest exporter posted a record trade surplus of \$19 billion, easily topping the government's half-year forecast.

Demand for semiconductor parts and cars from China and other emerging markets powered exports higher, helping Samsung Electronics (005930.KS), the world's top memory chipmaker and Hyundai Motor (005380.KS) to report their biggest-ever net profits during the first half.[ID:nSUL000113]

The sputtering U.S. economy and the cooling Chinese economy may cool global demand in the latter part of this year, but analysts say South Korean exporters are seen as more resilient than their peers in the region thanks to their product competitiveness.

The softening won KRW= is also believed to have been behind strong South Korean exports.

The won is the worst performing currency in Asia, down 1.5 percent against the dollar on the year to date, due in part to government intervention seen as aiming to curbing the currency's advance so that exporters maintain price competitiveness over Japanese rivals in overseas markets.

South Korea, U.A.E. to Cooperate on Energy Exploration, Stockpiling of Oil

By Shinhye Kang and Ayesha Daya - Mon Aug 02 08:31:24 GMT 2010

South Korea and the United Arab Emirates agreed to cooperate on energy exploration and stockpiling of crude oil, deepening ties after the Asian nation won a \$20 billion contract to build nuclear plants in Abu Dhabi.

State-run Korea National Oil Corp. and Abu Dhabi National Oil Co. signed a preliminary agreement today at the headquarters of Anyang, South Korea-based KNOC, South Korea's Ministry of Knowledge Economy said today. They will form a team to study the possibility of exploring for oil and gas in Abu Dhabi and will discuss a plan for Abu Dhabi National to use storage facilities owned by KNOC, the ministry said in a statement.

KNOC is joining international oil companies such as Exxon Mobil Corp. and Royal Dutch Shell Plc that have traditionally been present in the country, the fourth-largest crude producer in the Organization of Petroleum Exporting Countries. South Korea and the U.A.E. are expanding economic cooperation after state-controlled Korea Electric Power Corp. beat General Electric Co. and Areva SA to win the emirate's first nuclear power plant contract in December.

"South Korea isn't in the 'Abu Dhabi club' of companies such as Exxon and Shell that have big oil concessions and have traditionally won new contracts," Thaddeus Malesa, a Dubai-based analyst at PFC Energy, said. "The Koreans are going to have a much larger presence in the U.A.E., in energy and also in manufacturing, which is a direct result of the nuclear deal."

Abu Dhabi, holder of most of the U.A.E.'s hydrocarbon reserves, will be reviewing contracts for concessions held by foreign oil companies which are due for renewal within the next five years. It plans to boost oil output capacity to 3.5 million barrels a day, from about 2.8 million.

Crude-Oil Storage

The Persian Gulf nation is in talks with South Korea to use about 10 million barrels of crude-oil storage capacity, JoongAng Ilbo newspaper reported in May. The U.A.E. exported 96 percent of its oil to Asia and the Pacific last year, according to OPEC's Annual Statistical Bulletin.

South Korea has 146 million barrels of oil storage capacity, enough to meet the nation's consumption for 158 days, according to the ministry. The nation, which imports almost all of its energy requirements, has spent 2.46 trillion won (\$2.1 billion) building oil-reserve facilities since 1980 after experiencing fuel shortages during the 1970s oil crisis.

South Korean companies have increased their presence in the U.A.E. this year. Korea Electric awarded construction contracts to build four nuclear plants in the emirate by 2020 to companies including Hyundai Engineering & Construction Co. and Samsung C&T Corp., while Samsung Engineering Co. won a contract for \$1.5 billion to provide utilities for Abu Dhabi's sour gas project.

Daewoo to Work With Israel Corporation on Rotem Power Station, an Industrial Info News Alert

TOKYO, Aug 03 (MARKET WIRE) -- Researched by Industrial Info Resources (Sugar Land, Texas) -- In June, OPC Rotem Limited (Tel Aviv, Israel), a subsidiary of Israel Corporation Limited (TLV:ILCO) (ILCO) (Tel Aviv), announced that it had signed a contract with Daewoo International Corporation (SEO:047050) (Seoul, South Korea) for a gas-fired combined-cycle power station in Israel. Daewoo, a trading organization under the Daewoo Group, has agreed to serve as the design-build firm and will provide turnkey services, according to the contract.

Hanwha Chem to buy 50 percent of Solarfun for \$370 million

SEOUL/BANGALORE (Reuters) - South Korea's Hanwha Chemical (009830.KS) will acquire a 49.99 percent stake in Chinese photovoltaic (PV) cell maker Solarfun Power Holdings Co (SOLF.O) for 434 billion won (\$370 million) to expand into new products in China.

In a joint statement, Hanwha and Solarfun said Hanwha would pay \$10.72 per American Depositary Share, or a 4.6 percent premium to Monday's closing price.

Hanwha said the deal was also aimed at securing production capacity in the fast-growing Chinese market.

Separately, Solarfun reported second-quarter profit above analysts' estimates, helped by higher shipment volumes, and raised its 2010 shipment outlook.

The company sees its third-quarter shipment of 210MW to 220MW. It also raised its full-year shipment outlook to between 650MW and 750MW.

For the latest second quarter, Solarfun's net income was \$40.2 million, or 69 cents per American depositary shares (ADS). Total revenue more than doubled to \$258.5 million.

Excluding items the company earned 59 cents a share, against analysts' average estimate of 25 cents, according to Thomson Reuters I/B/E/S.

Solarfun is the world's fourth-largest solar module producer with 900 megawatts annual capacity and counts Energie Baden-Wuerttemberg (EBKG.DE), Germany's third-largest utility, among its clients.

The deal marks the latest attempt by Hanwha's parent, chemicals-to-construction conglomerate Hanwha Group, to raise its profile through acquisitions and public offerings.

Hanwha Chemical shares closed up 3.7 percent at 21,250 won on Tuesday and shares of Solarfun, which jumped 40 percent over the past one month, closed at \$10.25 on Monday.

Solarfun CEO Ping Peter Xie said in a statement: "With its substantial financial resources, extensive global relationships and proven expertise in building energy projects, the relationship with Hanwha will be invaluable to Solarfun as we continue to grow our business and penetrate new markets."

Hanwha said the final deal was expected by end-October. South Korea's fourth-largest business group purchased two local units of U.S. insurer Prudential Financial (PRU.N) earlier this year for \$425 million and raised \$1.6 billion by taking Korea Life (088350.KS), the country's No.2 life insurer, public in March.

Asahi plans \$9.2 billion war chest for M&A

TOKYO (Reuters) - The head of Japan's Asahi Breweries said he expects to have \$9.2 billion on tap for acquisitions over the next five years as it looks for new growth drivers outside the shrinking domestic beer market.

Asahi President Naoki Izumiya also told Reuters that he wanted to lift its stake in China's Tsingtao Brewery pending regulatory changes, and is eyeing closer ties in South Korea with that country's top soft drinks maker, the Lotte Group.

"We are eyeing the Asia and Oceania regions, with our top priorities being the alcohol business overseas and the soft drink business in Japan," he said in an interview at the headquarters of the maker of "Super Dry," Japan's best-selling beer.

Asahi's chief Japanese rival Kirin Holdings has been more aggressive in making acquisitions overseas to diversify away from the home beer market, which has shrunk by more than 15 percent in volume terms over the past decade.

Izumiya said the company should be able to secure 400 billion yen for acquisitions over three years through cash flow, asset sales and debts. "If we extend the period to 2015, we will be able to have 800 billion yen," he said.

Buying other companies is a crucial component of Asahi's plan to boost group revenues to 2 to 2.5 trillion yen in 2015, up from around 1.5 trillion yen now. It wants to generate 20-30 percent of its sales overseas, up from an estimated 7 percent this year.

He said Asahi needs to beef up through alliances to cope with ongoing industry consolidation.

"In order for us to survive on the global stage, it's important to have partnerships with top 20 companies," he said, without naming potential partners.

Asahi ranks as the world's 12th largest beer maker with a market share of 1.6 percent in terms of volumes in 2009, according to Euromonitor data. The top brewer is Anheuser-Busch InBev with 19 percent of the market.

SOUTH KOREA, CHINA

Asahi said earlier on Tuesday that it was considering selling its 58 percent stake in loss-making South Korean soft drinks unit Haitai Beverage, as part of a revamp of its operations in the country.

Izumiya said Asahi was considering expanding ties with Lotte in South Korea, possibly through the creation of a joint venture for soft drinks. The two already run a venture to sell Super Dry in the local market.

"The South Korean (soft drinks) market is about one-tenth of Japan's but it is growing, and Lotte is the No. 1 local company," he said. "Strategically it's the right move to team up with the No. 1 or 2 players in local markets when expanding overseas."

Izumiya said he also wants closer ties with Tsingtao Brewery, in which Asahi acquired a 19.9 percent stake last year. That could include taking a bigger stake, a move that is currently impossible due to regulatory restrictions.

"Things are changing in China. When the rules of the game change, we have to be ready to act," he said.

Investors and analysts have speculated that Asahi could also take a look at Foster's Group, which is in the spotlight as a potential takeover target after its decision to split off its struggling wine business.

"It is still a rumor that Foster's might be up for sale after splitting off its wine business. So, it's not yet at a stage where we can talk about what we might want to do," Izumiya said.

Apple Gets South Korea's Approval to Sell iPhone 4 (Update1)

By Jun Yang - August 3, 2010 06:48 EDT

Aug. 3 (Bloomberg) -- Apple Inc. received approval from South Korea's regulator to sell the iPhone 4 in the country, the Korea Communications Commission said in a statement today.

The regulator said it granted a certification after reviewing documents submitted by Apple, including the results of tests conducted locally. Apple filed an application on July 29, the watchdog said.

Apple put off plans to start selling the iPhone 4 in South Korea, citing a delay in getting the government's approval. KT Corp., the sole provider of Apple's iPhone in South Korea, will start sales of the new model within two months, Lee In Won, a spokesman for the South Korean company, said.

"We've been saying we will try our best to start selling it in September and there's no change in our stance," he said.

KT sold its first iPhone at the end of 2009, more than two years after it went on sale in the U.S, Lee said. KT has sold about 840,000 iPhones, President Pyo Hyun Myung said last month.

South Korea Says Banks Cut Swaps Excess by More Than Half to Meet Rules

By Frances Yoon - Wed Aug 04 03:00:00 GMT 2010

The Bank of Korea said foreign and domestic banks have slashed holdings of foreign-exchange derivatives, "adapting well" to rules aimed at curbing currency volatility.

"The banks are adapting well as expected," Moon Han Geun, deputy head of the Bank of Korea's international department, said by telephone today. "So far they've been cutting their holdings without much trouble."

Domestic and foreign banks as of July 23 hold \$5.4 billion more in foreign-exchange swaps and options than the levels set by the new rules, which come into force Oct. 9, according to a statement released by the central bank today. That is down from an excess of \$12.1 billion on July 8. Most of the banks that exceeded the limits were foreign lenders, Moon said.

The foreign-exchange rules, aimed at reducing volatility in capital flows and the won, require foreign bank branches to cut positions of currency derivatives to 250 percent of equity capital and domestic banks to 50 percent within two years.

Moon added that it was too early to say whether the curbs helped limit volatility in capital inflows.

“It’s difficult to say whether the rules have limited volatility,” Moon said. “You have to look at the effect of these rules in the long term.”

South Korea is a small, open economy that is vulnerable to surges in capital flows, Vice Finance Minister Yim Jong Yong said on June 9, noting that \$65 billion was removed from the country in the four to five months after the 2008 collapse of Lehman Brothers Holdings Inc.

Forwards are agreements to buy or sell assets at a set price and date. Non-deliverable contracts are settled in dollars.

Protest in Peru against gas exports turns violent

LIMA, Aug 4 (Reuters) - Hundreds of Peruvians opposed to natural gas exports sabotaged facilities at a pipeline owned by foreign firms on Wednesday as conflicts over natural resources weigh on President Alan Garcia's last year in office.

Protesters in the region of Convencion, some 285 miles (460 km) south of Lima, the capital, have torched part of a work camp, cut a fiber optic cable that helps control gas flows, and thrown rocks at police, the consortium that runs the pipeline said.

Local media said two security personnel were taken hostage but released.

Protesters mobilized this week against exports of the fuel, which they fear will lead to domestic energy shortages in the future.

"Peasants and indigenous people have taken two work sites ... and they are threatening to take more radical measures," said Marco Chalco, Convencion's mayor, who was working to mediate the standoff.

Garcia, who has worked hard to lure foreign investment, says there is no risk of gas shortages. Though economic growth has surged during his time in office, his term has been marred by deadly outbreaks of violence over mining and oil projects.

South America's first natural gas export plant opened in June and most gas companies here belong to a series of consortia that extract, transport and export the fuel. They include Repsol-YPF (REP.MC), U.S.-based Hunt Oil, Argentina's Pluspetrol, South Korea's SK Energy (096770.KS) and Japan's Marubeni (8002.T).

Garcia's cabinet chief, Javier Velasquez, sought to frame the protests as a political ploy being carried out by the opposition in the run-up to regional elections later this year and general elections next year.

"This is part of the electoral strategy of the Nationalist Party," Velasquez told reporters.

Velasquez is also trying to control a protest in the jungle against the eradication of coca plantations in the world's top grower of the plant used to make cocaine. Farmers opposed to eradication efforts clashed with police on Tuesday, and at least one protester was killed.

S. Korea says facing downside risks despite recovery

SEOUL Aug 5 (Reuters) - South Korea's economy continues to face downside risks including slowing recoveries in major markets but is still improving fast, the finance ministry said on Thursday.

The country will manage macroeconomic policy to help the economy recover for the longer term, the Ministry of Strategy and Finance said in its monthly Green Book report of preliminary economic indicators.

Annual growth in the country's department store sales in July slowed to 8.6 percent from a 10.8 percent rise in June, the ministry said.

SK Energy to Invest in Biomass Project in China, Electronic Times Says

By Jun Yang - Thu Aug 05 01:48:30 GMT 2010

SK Energy, South Korea's biggest oil refiner, formed a joint venture with a Chinese company that will invest in a new biomass plant in China's Shandong province, the Electronic Times reported.

SK Energy will invest 30 billion won (\$26 million) and begin construction of the plant in 2012, the newspaper said, citing the South Korea company. The Chinese company, which wasn't named, will have a 51 percent stake in the venture, according to the report.

The investment will be SK Energy's first such project to reduce greenhouse emissions abroad and sell the reductions in credits certified by the United Nations, the Electronic Times said.

SK Energy began reviewing the profitability of these projects in earnest this year and will continue to look for more opportunities, the newspaper cited a company official as saying.

Daewoo Engineering May Win \$948 Million Order From Morocco, Herald Reports

By Shinhye Kang - Mon Aug 09 04:52:58 GMT 2010

Daewoo Engineering & Construction Co. may win a 1.1 trillion won (\$948 million) order from Morocco to build a coal-fired power plant, Herald Business newspaper reported, without saying where it got the information.

South Korea Unemployment Rate Climbed to Three-Month High of 3.7% in July

By Eunkyung Seo - Tue Aug 10 23:43:31 GMT 2010

South Korea's unemployment rate climbed to a three-month high as the government wound down employment programs begun after the global crisis.

The jobless rate increased to 3.7 percent in July from 3.5 percent the previous month, Statistics Korea said today in Gwacheon, citing seasonally adjusted figures. The rate hit a 10- year high of 4.8 percent in January.

While the unemployment rate rose, "the private sector is leading the economic recovery with more investment," Park Sang Hyun, chief economist at HI Investment & Securities Co. in Seoul, said before the figures were released.

South Korea's economy grew 1.5 percent in the second quarter, beating the 1.3 percent median estimate in a Bloomberg News survey of seven economists. The export-stoked expansion has created a policy dilemma for Bank of Korea Governor Kim Choong Soo by highlighting price pressures even as slower U.S. and Chinese growth clouds the outlook for shipments.

Seven of the 15 economists surveyed by Bloomberg News expect the Bank of Korea to raise interest rates by 0.25 percentage point for the second time since the global crisis when it meets on Aug. 12. The rest expect no change until September or later.

The unadjusted jobless rate was 3.7 percent in July, compared with 3.5 percent in June, today's report showed. The number of employed people increased by 473,000 to 24.30 million last month from a year earlier.

Interest Rates

Governor Kim boosted borrowing costs to 2.25 percent on July 9 from a record-low 2 percent, joining counterparts from Taiwan to Thailand, Malaysia and India in increasing rates as Asia grapples with inflation.

Asia's fourth-largest economy behind Japan, China and India will grow 5.9 percent this year, more than the 5.2 percent predicted in April, the central bank said on July 12.

Companies including Samsung Electronics Co., Asia's biggest maker of semiconductors, flat screens and mobile phones, and Hyundai Motor Co., the nation's largest automaker, have reported record second-quarter earnings as a fall in the won buoyed export competitiveness.

The won dropped 0.7 percent to 1,168.68 per dollar as of the 3 p.m. close in Seoul yesterday, according to data compiled by Bloomberg. The benchmark Kospi stock index fell 0.5 percent to 1,781.13.

The Finance Ministry said June 24 that South Korea may add 300,000 jobs this year, more than its previous forecast of 250,000 jobs, after cutting 72,000 last year. The annual jobless rate will be 3.7 percent, it said.

The number of people self-employed or working in the public-service sector rose 1.6 percent from a year earlier, while hiring in the manufacturing industry climbed 6.2 percent, today's report showed.

The number of people employed in construction increased 7.0 percent, while jobs in the agricultural, fishery and forestry sectors declined 2.3 percent.

Korea Leads Slump in Asia Swap Rates as Policy Makers May Defer Tightening

By David Yong and Yumi Teso - Wed Aug 11 06:21:18 GMT 2010

Asian interest-rate swaps fell, led by the biggest slide since May in South Korea, on speculation central banks will refrain from policy tightening as the global economic recovery wanes.

The contracts signal the Bank of Korea may leave borrowing costs unchanged tomorrow after a government report today showed unemployment climbed to a three-month high. The Federal Reserve pledged to keep its target overnight lending rate between banks near zero for an extended period, saying expansion in output and jobs has slowed. China, which including Hong Kong is the biggest export market for Malaysia, South Korea and Taiwan, reported the smallest increase in industrial production in 11 months for July.

"It seems that following the Fed meeting last night, investors are more inclined to believe that there will be no change in Korea tomorrow," said Frances Cheung, a senior strategist at Credit Agricole CIB in Hong Kong. "The Chinese data mostly surprised to the downside and that could mean the slowdown is more than previously anticipated."

The average three-year swap in the nine most-active regional markets dropped two basis points to 3.30 percent as of 1 p.m. in Singapore, according to data compiled by Bloomberg. China's onshore and offshore rates reached the lowest levels in 13 months.

Korea Rate Decision

Eight of 15 economists in a Bloomberg News survey predicted the Bank of Korea will keep its seven-day repurchase rate at 2.25 percent. Seven including Credit Agricole expect an increase to 2.5 percent. The central bank raised borrowing costs from 2 percent on July 9 for the first time since the 2008 global credit crisis.

South Korea's three-year rate slid eight basis points to 3.71 percent, the biggest drop since May 25. The won slumped 0.9 percent to 1,179.49 per dollar after the nation's jobless rate climbed to 3.7 percent in July.

Swaps fell in China after data showed industrial output in Asia's second-largest economy rose 13.4 percent from a year earlier, easing from 13.7 percent growth the previous month, the statistics bureau said. Exports increased 38 percent in July compared with 44 percent in June, the government said yesterday.

China's three-year onshore and offshore rates dropped three basis points to 2.46 percent each, the lowest since July 2009.

Dana Says Korea National Won't Raise \$2.7 Billion Offer

By Eduard Gismatullin - Thu Aug 12 13:15:53 GMT 2010

Dana's shares fell 202 pence, or 12 percent, to 1,491 pence as of 8:13 a.m. in London. Source: Dana Petroleum via Bloomberg

Dana Petroleum Plc, the U.K. explorer focusing on North Sea and Africa, rejected a 1.7 billion-pound (\$2.7 billion) takeover offer from Korea National Oil Corp., saying the state-run crude producer was unwilling to raise its proposal.

Korea National "is very disappointed" and is considering its options, the Anyang, South Korea-based company said today in a statement. It last month raised an indicative proposal to 1,800 pence a share from a June bid of 1,700 pence.

Dana executives flew to Canada to meet KNOC officials on Aug. 6 to advance talks and make a non-disclosure agreement to give access company data, the Aberdeen, Scotland-based company said today. KNOC on Aug. 9 declined to sign such an agreement and conduct diligence without the board's backing, Dana said. Therefore, its board "does not consider it is prudent or warranted to provide a recommendation," the U.K. company said.

Dana's shares pared losses after the statement from the Korean company and were down 3.7 percent at 1,629 pence as of 3 p.m. in London. They earlier fell as much as 13 percent, the biggest decline since Oct. 24, 2008.

"While the possibility of a deal completing now appears less likely, we believe the situation is far from dead," Marc Kofler, a London-based analyst at Citigroup Inc., said today in an e-mailed report.

Shareholder Value

Dana's directors continue "to pursue actively all opportunities to maximize shareholder value," the company said. "KNOC has failed to recognize the value of the company's recent developments and work in progress."

Dana holds more than 100 interests in exploration and production licenses in nine countries and pumps oil and gas from 37 fields. In June, the company agreed to buy Suncor Energy Inc.'s Dutch North Sea assets for 328 million euros (\$423 million) in cash, its biggest purchase to date.

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

The Asian producer has said it plans to spend about \$6 billion on acquisitions and projects this year to more than double output by 2012.

"In effect the two sides have reached an impasse with the risk now that KNOC walks away," Richard Griffith, a London-based analyst at Evolution Securities Ltd., said in a note today. "The tone towards the end of Dana's statement sets out a robust defense of its conduct throughout this process."

Hyundai Heavy Gets \$700 Million Order to Build Two Solar Plants in Arizona

By Kyunghye Park - Wed Aug 11 02:03:31 GMT 2010

Hyundai Heavy Industries Co., the world's largest shipyard, signed a contract to build two solar power plants for Matinee Energy Inc. for \$700 million. The plants, which will have a combined capacity of 175 megawatts, will be built in Arizona by the end of 2012, the Ulsan, South Korea-based company said today in an e-mailed statement.

S Korea Economy May Already Be in Expansion Phase, Kim Says

Aug. 12 (Bloomberg) -- South Korea's economy may have already entered an expansionary phase, the country's central bank governor said today.

Inflation expectations may rise due to higher public fees, Bank of Korea Governor Kim Choong Soo told a briefing after keeping interest rates unchanged at 2.25 percent.

Demand and higher raw material prices will add to inflation pressure, he said.

Bank of Korea Says Inflation Likely to Accelerate on Demand

By Eunkyung Seo - August 11, 2010 21:56 EDT

Aug. 12 (Bloomberg) -- South Korea's central bank said inflation will likely accelerate as solid economic growth boosts demand.

The domestic economy is maintaining its upward trend and growth is continuing, the Bank of Korea said in a statement today after keeping interest rates unchanged at 2.25 percent. Exports, consumption and investment are all boosting growth, it said.

Social Front:

Samsung Invests \$865M in Greener Products, Manufacturing

Mon Aug 2, 2010 1:00am EDT

Samsung spent \$865 million last year developing greener products and making its manufacturing sites more efficient as part of a multi-pronged efforts to become one of the most environmentally friendly companies in the world.

The South Korean company committed to a slew of environmental goals last year with the launch of its PlanetFirst initiative. Among the targets: a 50 percent reduction in greenhouse gas emissions, normalized by sales and measured against a 2008 baseline; improving the energy efficiency of Samsung products by more than 40 percent; and investing \$4.28 billion in its eco-management programs.

One year in, Samsung said its new products are now 16 percent more energy efficient when compared to 2008 levels. Several products are helping drive the efficiency gains, such as LED TVs that consume less energy and standby power, in addition to its F2380 Monitor uses 24 percent less energy annually, with 19 percent fewer materials.

As of the first six months of the year, its greenhouse gas emissions, when measured against sales, declined 31 percent -- more than halfway to its 2013 goal of halving ghg intensity. A third-party will verify Samsung's emissions inventory for 39 manufacturing sites.

In April, Samsung registered as an e-Steward Enterprise, following its collection of 240,000 used electronics products in 2009.

In a move reminiscent of other notable companies, including Walmart, Procter and Gamble, Pacific Gas and Electric Co., and IBM, Samsung will perform a greenhouse gas inventory using information from all of its South Korea suppliers this year. By 2013, the effort will expand to Samsung's 4,000 global suppliers with the overarching plan of developing a supply chain-wide carbon management system.

85% of teenage single moms stop education

By Kwon Mee-yoo

Kim Su-hyun, a high school student who was forced to quit school due to her pregnancy, filed a petition to the National Human Rights Commission (NHRC) to continue her schooling in April 2009. The NHRC advised the school to accept Kim's reentry in July.

She graduated from the school and entered a university majoring in tax accounting.

Kim was lucky, as her case was brought to light by the media and the school allowed her to be readmitted. Many other single teen mothers cannot study even if they want to go back to school.

Professor Je Seok-bong of the Catholic University of Daegu surveyed 73 teen mothers from 35 facilities nationwide at the request of the Ministry of Education, Science and Technology.

The student mothers were 16.7 years old on average, and freshmen in high school. About a quarter of them first had sexual intercourse when they were 15, or third grade in middle school.

Of them, 85 percent stopped their education. For instance, 34 percent quit vocational high school, 18 percent dropped out of middle school and 14 percent left high school.

Most of the teen unwed moms wanted to continue learning — around 60 percent said they would continue their studies if possible. However, the schools requested them to either return to school after delivery (32 percent), quit the school (14 percent) or take time off from school (9 percent).

The young unwed mothers wanted to continue learning to better their future and to get higher-paying jobs.

The ministry is working out measures for these young mothers as the interruption of their studies and their right to continue their education emerged as a pressing social issue.

According to the survey, 48 percent of teen moms surveyed wanted to return to studying by taking the qualification examination.

Others suggested sending instructors to unwed mothers' facilities and recognizing the credits, re-enrolling in their former school or establishing alternative schools only for single mothers.

South Korean teenager Noh says yes to PGA invite

SEOUL (Reuters) - Teenager Noh Seung-yul has become the first South Korean to be invited to play at the U.S. PGA Championship, local media reported on Tuesday.

The 19-year-old was invited with Spain's Gonzalo Fernandez-Castano and Briton Simon Khan for the season's last major at Whistling Straits, Wisconsin from August 12-15.

Noh, who qualified for this year's British Open, made his breakthrough earlier this year after winning the Malaysian Open in March when he edged out compatriot KJ Choi by one shot.

"It is an honor to be invited," Noh told South Korea's Yonhap news agency.

Six Koreans will play at the U.S. PGA Championship, including defending champion Yang Yong-eun, who last year became the first Asian man to win a major golf title.

Hepatitis B linked to lymphoma in study

WASHINGTON Aug 3 (Reuters) - People infected with hepatitis B virus are around twice as likely to develop non-Hodgkin lymphoma, researchers reported on Tuesday.

Hepatitis B was already known to cause liver cancer and some scientists had suspected it might cause lymphoma, too. The study, published in Lancet Oncology, confirms this. Hepatitis C is also linked to lymphoma.

The blood cancer is not common and widespread vaccination against the viruses is unlikely to affect non-Hodgkin lymphoma rates much, the researchers noted. But it may be possible to treat the virus and help non-Hodgkin lymphoma patients, they said.

Dr. Eric Engels of the U.S. National Cancer Institute and Sun Ha Jee of Yonsei University in Seoul studied the records of more than 600,000 people in South Korea, where hepatitis B was extremely common before a vaccination campaign began in 1995.

Of these, 53,000 or about 9 percent had evidence of hepatitis B infection. After 14 years, rates of non-Hodgkin lymphoma were more common among the infected people -- 19.4 cases per 100,000 people compared to 12.3 per 100,000 who did not have hepatitis B. Viral hepatitis is the leading cause of liver cancer and the most common reason for liver transplantation, according to the U.S. Centers for Disease Control and Prevention. The various hepatitis viruses are not closely related -- the word hepatitis means inflammation of the liver.

An estimated 350 million people worldwide are infected with hepatitis B virus, which causes 340,000 cases of liver cancer a year and kills between 500,000 and 1.2 million people a year.

Researchers think both hepatitis B and C may cause lymphoma by overstimulating the immune system as it tries to fight off the liver infection.

Los Angeles designates Aug. 7 as 'Yu-na Day'

The prominent Korean figure skating star Kim Yu-na has been acknowledged by the city of Los Angeles with a special day, Aug. 7 to commemorate her success.

Kim, the 20-year-old Olympic gold medalist, will visit Los Angeles Friday to receive the "Proud Korean Award."

Herb Wesson of the Los Angeles City Council submitted a resolution of "Yu-na Day" and the resolution passed unanimously Tuesday. Los Angeles has the largest Koreatown with a population of over 120,000 and Wesson said he is glad to proclaim Kim's day on her visit to the biggest Korean community in the U.S.

"Kim, an Olympic gold medalist and global idol star, can become a role model not only to second generation Korean-Americans but also to others in the community sports world," Wesson was quoted as saying.

She will meet Los Angeles Mayor Antonio Villaraigosa and donate a signed pair of skates, which are going to be kept at the City Hall.

In addition, the Korean-American Leadership Foundation announced that they will also present this year's "Proud Korean Award" to Samuel "Sammy" Lee, a Korean-American diving hero who won gold medals at the 1948 and 1952 Olympic Games.

The award is presented to Korean Americans who have made Koreans proud.

"Although Kim, who trains in Toronto, is not technically Korean-American, we decided to award her because she made Koreans proud all over the world," the foundation said.

Seoul's senior population tops 9%

The number of senior citizens aged 65 or over has almost hit the 1 million mark in the heavily populated city of Seoul, according to a recent survey.

The elderly population in the capital city numbered 966,441 as of the end of June this year, accounting for 9.25 percent of the city's total 10.04 million, according to the Seoul Metropolitan Government.

The number increased by 23,495 in the first six months of this year alone from the 2009 figure of 942,946, the city government said. It also marks a 39.4 percent jump over the last five and a half years.

Seoul's aging index, the ratio of the number of people aged 65 and over per 100 youths under age 15, reached 65.8, up 26.5 points from 39.3 in 2004, according to the city government.

If the trend continues, the city's population of senior citizens will exceed 1 million by early next year, city officials said.

Those aged 80 and older tallied 149,274 as of June this year, and those aged 90 and over at 17,450. There were 519 citizens in Seoul who were 100 or older.

Kan Will Hand Over Korean Artifacts in Apology for Japan's Colonial Rule

By Sachiko Sakamaki - Tue Aug 10 04:24:30 GMT 2010

Japan's Prime Minister Naoto Kan promised to return Korean historical artifacts seized during colonial rule between 1910 and 1945, while reiterating his country's "deep remorse" for the occupation.

The items pertain to Korea's royal heritage, Kan's office said in a statement today. He gave a "heartfelt apology" ahead of the 100th anniversary of Japan's annexation of the Korean Peninsula on Aug. 29, mirroring remarks made by former leaders Tomiichi Murayama and Junichiro Koizumi in 1995 and 2001.

Murayama, who gave his apology to commemorate the 50-year anniversary of the end of World War II, also expressed "feelings of deep remorse" and gave a "heartfelt apology." Koichiro Gemba, a member of Kan's Cabinet, told reporters Aug. 6 that any anniversary statement on Japan's occupation of Korea shouldn't open up a fresh debate on financial compensation.

South Korea's foreign ministry said today in a statement it welcomed Kan's statement and was committed to further developing relations with Japan. Koizumi said during a visit to South Korea that he had "heartfelt remorse" over the damage cause by colonial rule.

Japan's Imperial Army forced women across occupied Asian countries to act as sex slaves in the 1930s and 1940s for its soldiers. In Japan, they were known as "comfort women."

FIFA Is Investigating Treatment of North Korea World Cup Squad, AFP Says

By Dan Baynes - Wed Aug 11 07:24:20 GMT 2010

FIFA President Sepp Blatter said soccer's governing body is investigating reports North Korea's World Cup squad was publicly humiliated and head coach Kim Jong Hun sentenced to hard labor, Agence France-Presse reported.

FIFA this week sent a letter to North Korea's soccer association requesting details about its election of a new president and "to find out if allegations made by the media that the coach and some players were condemned and punished are true," AFP cited Blatter as saying today in Singapore.

"We are doing this as a first step and we will see how they answer," the news agency cited Blatter as saying.

North Korea lost all three group games in South Africa, its first appearance at the World Cup since 1966.

Internet users mull new attack on Japanese website

A number of South Korean Internet users are mulling another round of attacks on a Japanese website in an ongoing cyber battle sparked by offensive remarks made by Japanese users earlier this year, Yonhap News reported.

South Korean members of an Internet cafe, who took part in shutting down a Japanese site in March to protest posts that allegedly insulted Korea, are discussing coordinating a preemptive

attack on Aug. 15 Liberation Day, which marks the anniversary of the country's liberation from Japan's 1910-1945 colonial rule, according to recent online posts.

On this year's anniversary of Korea's March 1st independence movement, Korean users froze all bulletin board postings on the Japanese site by logging on and repeatedly pressing the F5 button to refresh the page.

The attack was in protest to certain Japanese users' comments sympathizing with Russia for the violent murder of a Korean college student by three Russian youths in February. Another Japanese user had accused South Korean figure skater Kim Yu-na of buying her way to a gold medal at the Vancouver Winter Olympics.

Japanese users retaliated at the time with attacks on two South Korean websites, but gave up in the face of counterattacks by South Korean users.

The Japanese also vowed to launch another offensive on Liberation Day.

Global culture icons to come here for C20 summit

By Ines Min

The Corea Image Communication Institute announced its official outline for the Culture 20 (C20) Summit, Wednesday, detailing the event's schedule for participating cultural icons.

CICI is hosting an immersive Korean educational program for international figures from G20 member countries from Sept. 8 to 10, ahead of the November G20 Summit in Seoul.

The three-day event will provide attendees with opportunities to experience authentic Korean culture with hansik (local cuisine) meals, contemporary dance performances, trips to markets and visits to Buddhist temples.

"We hope that this will be a catalyst for foreigners who are captivated with Korea to find the true country for themselves — through cultural exchange and by directly experiencing its diverse culture at the C20," said Choi Jung-wha, president of the group.

"We will be able to increase the effects of Korea's brand to the fullest by introducing the competitiveness of Korean culture via the C20," she said. "Just as the G20 Summit will focus the world's attention onto Korea."

C20 participants include renowned names such as French scholar Guy Sorman, Vittorio Missoni of the Italian fashion house and Turkish designer Cemil Ipekci.

The first two days of the cultural summit — which looks to centralize on cuisine, concerts, clothes, cinema and communication — will be dedicated to unique opportunities to experience the Korean world through all five senses.

Highlights include a special performance by pianist Cho Seung-jin, the youngest winner of the prestigious Hamamatsu International Piano Competition, a film screening of Bae Bien-u's "Pine Tree," a visit to Changdeok Palace and a traditional clothing fashion show.

On the third day, a discussion forum will be held for all the participants, who will have a chance to communicate their experiences, emotions and overall evaluations of the C20.

Afterward, Sorman will give a lecture on the economy of the Korean culture, while Ipekci will introduce an upcoming fashion line of clothing that combines elements of "hanbok" (traditional Korean wear) with that of customary Turkish clothing. Brazilian filmmaker Tizuka Yamasaki will unveil plans for a project that focuses on the relationship between the two countries.

Paul Schenk, an Arirang TV host for a Korean food show, will be present to ask each participant which "hansik" dish they would introduce to their home country.

Other events held in association with the summit include the "Sip C20 for G20," hosted by the Korea Bartender Guild. A cocktail based on Korean alcohol — soju or makgeolli — will be chosen as an official drink for the G20 Summit.

A storytelling contest was previously announced as another aspect of the all-encompassing C20. Open to the public, groups or individuals are invited to share their experiences with aspects of Korean culture. The top winner will be invited to C20 Night, in an opportunity to meet fellow cultural ambassadors.

Other participants include Dorothy Hamilton, founder of the French Culinary Center, Canadian food columnist Lucy Waverman and Far East Asian expert Vladimir Myasnikov.

The event — to be held at the COEX Intercontinental Hotel and various sites in Seoul — is the first major endeavor by 4C, the Cross Culture Communication Center, an affiliated organization with CICI that was established earlier this year.

Japan

Detailed News:

Politico-Strategic Front

Nuke sanctions on Iran said imminent Japan's stance complicated by need for oil

Kyodo News

The government plans to compile punitive measures against Iran over its nuclear ambitions in early August, following the adoption of a resolution by the U.N. Security Council in June to impose new sanctions on Tehran, government sources said.

The move is aimed at signaling Tokyo's willingness to work in step with the United States, as Washington has enacted tough sanctions against Tehran over its uranium enrichment program that Western nations view as a cover for the production of nuclear weapons.

But one of the sources said the government should avoid worsening its ties with Iran because it is one of Japan's major suppliers of crude oil.

"We should avoid a situation where we would have trouble obtaining crude oil" from the country, the source said.

A Japanese-Iranian diplomatic source said the issue could prove a dilemma for Tokyo. "If Japan leans toward the United States, it could adversely affect its strategy in energy procurement. If Japan leans toward Iran, it could cause a chasm in ties between Tokyo and Washington."

"This is a problem that could have repercussions on corporations and individuals in Japan," Foreign Minister Katsuya Okada said at a news conference Friday. "We will unveil (the punitive measures after) examining the matter comprehensively."

Under sanctions enacted by the United States in early July, foreign companies that export petroleum products to Iran would be expelled from U.S. financial markets.

A source in a government office concerned with economic affairs, meanwhile, advised against taking a similar stance.

"Iran is an important trading partner (for Japan). We cannot take a tough stance like the United States, which has severed diplomatic ties" with Tehran, the source said.

A senior Foreign Ministry official suggested that the ministry will look to the European Union's response as a guide.

As possible punitive measures, the government is believed to be considering financial sanctions against individuals and groups involved in Iran's nuclear program, according to observers.

Two plans eyed for Futenma

Kyodo News

A Japan-U.S. working-level group of experts will provide two options for relocating U.S. Marine Corps Air Station Futenma to Camp Schwab in Nago's Henoko district, a draft report showed Sunday.

With two key Okinawa elections scheduled for September and November, the government of Prime Minister Naoto Kan has decided to shelve the runway issue until after the polls, sources said earlier.

Both plans aim to achieve the task by reclaiming waters off the coast of Henoko, but one calls for two runways in a V-shaped formation while the other envisages the building of a single runway, an option expected to reduce the need for reclaimed land by 25 percent, the draft says.

The V-shaped runways would take up an area of 205 hectares, requiring reclamation of 160 hectares, and would avoid helicopter flights over land, the draft shows.

The plan has reportedly gained support from the mainstream officials in Washington, especially the U.S. Department of Defense, as it is believed to provide superior operability in a time of emergency.

The project to build a single runway, an idea floated by Japan, in contrast, would measure 150 hectares, with land created by landfill totaling 120 hectares, the draft shows.

Japan argues that a single runway would be less harmful to the environment but would entail flights over a nearby golf course and hotels.

It envisions joint use of a 20-hectare or so section of Cape Henoko (Henoko-zaki) by the Self-Defense Forces and the U.S. Marines, it says.

The final report by the working group is expected to cite both the advantages and disadvantages of both plans.

Under an accord reached with the U.S. in May, specifics on building a replacement for Futenma should be worked out by the end of August.

But with the Nago city assembly election scheduled for September and the Okinawa gubernatorial poll for November, the government has decided not to reach a deal with the United States on the runway type before the Nov. 28 gubernatorial race.

21% of lay judges felt decisions guided by pros

Survey reveals mixed feelings on due process

Kyodo News

About 21 percent of the people who have served as lay judges in criminal trials since the new system got off the ground a year ago say they felt that professional judges tried to influence their judgment, a survey says.

More than 5,200 ordinary people have served on panels composed of six lay and three professional judges at 60 district courts and convicted and sentenced 903 of the 904 people tried in 858 cases, acquitting only one, since the first lay judge trial opened Aug. 3 in Tokyo, according to a tally by Kyodo News.

Of those involved, including alternates, 210 people at 33 district courts responded to the survey, with 73 percent saying that they didn't think the presiding judge or the other professional judges directed them in their closed-door deliberations on whether to convict or what sentence to give.

But 6 percent said the professional judges tried to influence them and 15 percent said the professionals tried "somewhat," for a total of 21 percent of the respondents.

A man who took part in a trial at the Tokyo District Court said that after the lay judges decided what they thought would be the appropriate punishment for the defendant, their deliberations changed direction after a professional judge produced information on precedents.

The man said he felt that under those circumstances, there was no point in having nonprofessional people involved.

Another man who also served at the Tokyo court said he felt that a "point of compromise" was decided based on remarks by the professional judges, though he wouldn't go so far as to say they had been led.

A man who took part in a trial at the Kobe District Court raised questions about the rule for reaching a decision that requires support from a majority of the nine judges, including at least one professional judge.

He said that in the case he sat on, while all six lay judges sought a sentence of 30 years, it ended up as eight years due to the decision of the professional judges.

Under the lay judge system, serious crimes are tried at district courts with six ordinary people selected by lot sitting alongside three professional judges. In cases where they decide to convict, they also determine an appropriate sentence.

Hiroshima mayor to urge Japan to leave U.S. nuclear umbrella

HIROSHIMA (Kyodo) Hiroshima Mayor Tadatoshi Akiba says he will urge Japan to withdraw from the U.S. nuclear umbrella in his peace declaration Friday at the annual ceremony marking the 1945 atomic bombing of the city.

An outline of the speech, unveiled by Akiba on Monday, also urges the central government to legislate its three nonnuclear principles — against production, possession and introduction of nuclear weapons in Japan — while asking it to provide comprehensive assistance to aging victims of the atomic bombings and radiation effects.

The speech says the voices of the world's citizens are becoming the greatest force in moving the international community, referring to the final document adopted at the U.N. review conference on the Nuclear Nonproliferation Treaty in May that mentioned for the first time the Nuclear Weapons Convention, a treaty yet to be adopted on the total ban of nuclear weapons.

Akiba's speech will be given on what he said would be a "historic Aug. 6," as the United States and other nuclear states will send representatives to the ceremony for the first time.

The outline includes Hiroshima's call for the Japanese prime minister to take specific measures to lead the movement toward nuclear disarmament, including advocating the urgency of nuclear disarmament to nuclear states and urging all countries to cut down on military spending.

"The government has said it will stand in front in the movement to abolish nuclear weapons, and while the atomic bomb victims and the world are hoping it will, it seems like it is not," Akiba said. "It would be great if Japan becomes a leading figure (in the movement)."

'Asian Nobels'

MANILA (AP) The three-term mayor of Hiroshima who spearheaded a global campaign for nuclear disarmament and a photographer who documented river pollution in his native China are among the 2010 winners of the Ramon Magsaysay Awards.

The awards announced Monday are considered Asia's equivalent of the Nobel Prize. Tadatoshi Akiba was 3 years old when an atomic bomb reduced Hiroshima to ashes. Wanting to keep the memory alive, Akiba started a travel grants program through which American and other journalists visited and listened to survivors of the attack.

As a lawmaker and later Hiroshima mayor, Akiba recognized that his city had the moral obligation to warn the world of the nuclear danger, the Magsaysay Award organizers said. He led a movement called Mayors for Peace that includes more than 4,000 cities in 144 countries.

Kan hints he won't be signing off on Futenma plan for months

Prime Minister Naoto Kan, faced with strong opposition in Okinawa, hinted Monday it will be months before he finalizes a plan for relocating the Futenma air base.

During his first full Diet debate since taking office in June, Kan said relocating the U.S. base is one of the major issues facing his Cabinet.

But he also said, "Including securing understanding from Okinawa, I recognize that several more processes will be needed," suggesting that a comprehensive plan for the relocation won't be worked out before the Okinawa gubernatorial election Nov. 28.

The administration is currently trying to find ways to transfer the heliport functions of the base located in a crowded residential area of Ginowan to the less densely populated Henoko district at Camp Schwab in Nago by 2014 in line with an agreement reached by Tokyo and Washington in late May.

Despite the accord, opposition to keeping the base within the prefecture remains strong.

"It is not that we will promptly put our decisions into action by starting construction," Kan said, referring to the accord, which also states that experts from the two countries will complete a study on the specifics of building the replacement facility by the end of August.

Kan told reporters in the evening he won't ignore public opinion in Okinawa.

DPJ election day

The Democratic Party of Japan said Monday it will hold its presidential election Sept. 14.

All members and supporters of the party, estimated at nearly 345,000, will take part in the party's full-scale presidential race since 2002, when it was in the opposition. Campaigning will kick off Sept. 1.

The DPJ agreed on the schedule at an executive meeting, Secretary General Yukio Edano said.

Naoto Kan, who took over from Yukio Hatoyama as prime minister and DPJ president in June, has said he will fight to remain the ruling party's top dog.

DPJ may resubmit policy unit bill

The Democratic Party of Japan will once more consider trying to get a bill passed to upgrade the government's policy unit into a more strategic bureau if it wins support from Your Party, DPJ Secretary General Yukio Edano said Sunday.

Edano also said on an NHK political talk show that his party is willing to discuss reducing not only the number of proportional-representation seats in the Lower House, as it has promised, but

also the number of single-seat districts in light of opposition to the DPJ pledge by small opposition parties.

Following its setback in the July 11 Upper House election, which made it difficult for the ruling camp to pursue legislation on its own, the DPJ-led administration of Prime Minister Naoto Kan has decided to shelve its goal of upgrading the National Policy Unit and instead scale back its role, but Edano suggested otherwise.

"We are pursuing different tracks on the premise that it is difficult to pass bills in the current political situation, and there is room for discussions in the Diet if we can advance in a constructive manner with cooperation from Your Party," he said.

Computer criminal blows probation

Kyodo News

Tokyo police said Wednesday they have arrested a 27-year-old man in Osaka on suspicion of using a computer virus to destroy stored data.

Masato Nakatsuji is believed to have destroyed computer property by using an "ika-tako" (squid-octopus) virus to change icons for data files in infected computers into humorous octopus illustrations.

Nakatsuji is the first person in Japan to be charged with destroying property by tampering with data through a computer virus, the police said.

"I wanted to see if my programming skills had improved or not. I (also) wanted to punish users of file-sharing software," Nakatsuji was quoted as saying by police. File-sharing software is often used to illegally copy copyrighted music and video titles over the Internet.

Nakatsuji, who owned up to the data destruction, created the virus in July 2009 and distributed it through file-sharing software the following month, affecting about 50,000 people, they said.

Nakatsuji had been on probation after being given a suspended two-year prison term in 2008 for copyright infringement through computer virus production.

The infections spread when people used file-sharing software to acquire movies or music files that had been tainted with the virus, which was designed to transform stored data into pictures of octopus or squid, the police said.

Hatoyama to head China green pact

The Democratic Party of Japan will launch a group to promote Sino-Japanese cooperation on environmental issues later this month, with former Prime Minister Yukio Hatoyama serving as chairman, DPJ sources said Thursday.

The decision to set up the group is aimed at encouraging environment-related investment in and provision of technical cooperation to China. It was reached at a meeting Thursday attended by Hatoyama, DPJ Diet affairs chief Shinji Tarutoko and others, the sources said. Hatoyama is scheduled to visit China on Aug. 16 accompanied by fellow DPJ lawmaker and close aide Yoshikatsu Nakayama, who will be acting chief of the group.

'Terror blast' hit Japanese tanker in Gulf strait

Released on - Friday, 06 August , 2010 -11:50

An explosion that damaged a Japanese oil tanker in the Strait of Hormuz last week was a "terrorist attack," the coastguard in the United Arab Emirates, where the ship docked for repairs, said on Friday.

"The investigation and examination conducted by special teams have shown the tanker was attacked with explosives, prepared using traditional methods, which were loaded on a boat that approached the ship," a UAE coastguard spokesman said on the official WAM news agency.

"UAE explosives experts... found a dent on the starboard side above the water line and remains of homemade explosives on the hull," when they inspected the ship off the UAE port of Fujairah, the official said.

"Probably the tanker had encountered a terrorist attack from a boat loaded with explosives," he was quoted as saying on the agency's English-language website.

In Tokyo, Mitsui OSK said the company could not confirm the reports and Japanese Foreign Minister Katsuya Okada said the government was aware of the report but was yet to confirm its details.

Militant jihadists claimed Tuesday that a suicide bomber blew himself up on the ship owned by Mitsui OSK Lines, which reported one of its tankers, the M Star, appeared to have been hit by a blast on July 28 in international waters between Iran and Oman.

US monitoring group SITE Intelligence said the Brigades of Abdullah Azzam claimed in a message on jihadist websites that it had placed a suicide bomber on the tanker, identifying him as Ayyub al-Taishan.

It said the attack was carried out in the name of Omar Abdul Rahman, the Egyptian "Blind Sheikh" imprisoned in the United States for his role in the 1993 World Trade Center bombing in New York.

The attack sought "to weaken the infidel global order which is thrust unto Muslim lands and which loots its resources," the brigade said, according to SITE.

"We delayed the publication of the statement until our heroes returned safely to their bases."

Mitsui OSK Lines, which maintained the damage was caused by an attack despite reports that it was caused by a freak wave, had said crew members saw a flash and heard an explosion shortly after midnight local time on July 28.

One crewman was slightly wounded in the blast, which caused minor damage to the ship, including an indentation several metres (yards) across in the hull, according to pictures published by WAM.

The Japan-bound vessel -- crewed by 16 Filipinos and 15 Indians -- was carrying 270,000 tonnes of crude oil from the United Arab Emirates but did not suffer a spill.

The ship arrived under its own steam at Fujairah for repairs, and an investigation into the incident was launched.

It left the port on Friday after repairs were completed, the UAE coastguard official said.

The Strait of Hormuz, less than 100 kilometres (60 miles) across at its widest point, separates Oman from Iran and is the gateway into the oil-rich Gulf.

The US Navy Fifth Fleet, based in the Gulf state of Bahrain, said the vital shipping route, through which passes an estimated 40 percent of oil exports, remained open on the day of the explosion.

Japan's Ruling Party Plans Regional Holiday Schedule to Cut Traffic Jams

By Masatsugu Horie - Mon Aug 09 03:45:05 GMT 2010

Japan's proposal to stagger national holidays by region, the second overhaul of the vacation schedule in a decade, would mean fewer long weekends and could create accounting headaches for business owners.

Under the Democratic Party of Japan's plan, aimed at boosting tourism and unclogging transport systems at peak times, Japanese workers would lose four long weekends created under the previous government's "Happy Monday" policy. Owners of small businesses would also need to prepare, a researcher said.

"There may be confusion, even bankruptcies, if banks are closed on different days throughout the country," said Akio Nakata, executive director of Tokyo Shoko Research Ltd., which tracks corporate failures. "Small business owners often cut their finances close, so a day can make a big difference."

The government wants to divide Japan into five regions, each observing five-day breaks in spring and fall during different weeks. An objective of the plan is to ease travel at times like this week's o-bon period, when traffic jams reach as long as 50 kilometers (31 miles) on the Tomei expressway linking Tokyo and central Japan.

By loosening travel schedules and extending annual national holiday periods, the “Well-Distributed Vacation Time” plan may inject 1 trillion yen (\$12 billion) into the economy, the Tourism Agency said in a report. The proposal, led by a team under the Office of Tourism Promotion that includes Keisuke Tsumura, a 38-year-old Cabinet Office member, and seven other governing party lawmakers, could be law by 2012, the agency said.

‘Free Stimulus’

“The plan would have some effect in boosting the economy,” Toshihiro Nagahama, chief economist at Dai-Ichi life Research Institute, said by telephone. “Unlike the expensive public works projects that have failed to revive the economy, this is basically free of charge. So it’s worth doing.”

Japan’s economy has grown an average of less than 1 percent since the asset bubble burst in the early 1990s, even as successive governments spent funds on roads, bridges and other infrastructure. Unemployment increased to 5.3 percent in June, the highest in seven months.

“The government should increase national holidays and also encourage people to take more paid vacation,” Nagahama said. “Japanese are still working too hard.”

Combined, Japanese had an average 33 paid and national holidays in 2008, the same as workers in the U.K. and three days less than France, according to the Japan Institute for Labor Policy and Training. Almost half of the days workers in Japan take off are national holidays, while the proportion is about a quarter in the U.K. and a third in France. The total number of national holidays in Japan would remain unchanged under the government’s plan.

‘Worst Plan’

Almost 70 percent of respondents to a poll conducted by the Tourism Agency this summer said there is no merit in introducing the plan. Half said they would probably stay home or even work if holidays were staggered. One complaint was that people living in different parts of Japan, which has a land mass smaller than California, would not be able to visit relatives elsewhere.

“This is the worst plan ever,” an anonymous poster said in the survey, which was accessible on a website operated by the agency and the Ministry of Economy, Trade and Industry. “Ties between families and friends living in remote areas would be broken.”

The change would make it difficult for city dwellers, many of whom have relatives in rural areas, to arrange family get-togethers during “Golden Week,” the spring vacation Japan has observed since the start of the postwar period.

Innkeepers Survey

A survey by the Japan Ryokan Association, an organization of 1,200 innkeepers nationwide, found that 44 percent of members opposed the idea of staggering vacation periods. One

commenter said the plan wouldn't ease congestion unless it sub-divided the Tokyo region, which is home to almost one in four Japanese.

Horiba Ltd., a Kyoto-based maker of measuring instruments, said it wouldn't adopt the government's holiday plan because it doesn't fit with its export-focused business operations.

"We often need to adjust our holiday schedule to customers' needs including those overseas," said Haruko Nozaki, a manager in the human resources section. "A national holiday plan doesn't make sense for us."

Nakata of Tokyo Shoko Research said the potential problem for small businesses created by the system stems from "tegata," a type of promissory note with a typical 120-day maturity.

"The days to maturity usually excludes weekends and holidays, so this could result in miscalculations," Nakata said.

Tetsuji Watanabe, a spokesman for the Tourism Agency, said any opposition to the plan, which needs approval by both houses of Japan's parliament, stems mainly from misunderstanding.

"We may need to explain it more fully or adjust some parts," he said by telephone. "But we have no intention to stop the legislative process because of the criticism."

Cabinet support up to 39%

Kyodo News

The public support rating for the Cabinet of Prime Minister Naoto Kan has risen slightly to 38.7 percent, up 2.4 percentage points from the previous survey last month, according to a Kyodo News poll released Monday.

Combined with a 7.4-point decrease in the Cabinet's disapproval rating to 44.8 percent, the poll results give Kan's government and his Democratic Party of Japan some respite following its disappointing results in last month's Upper House election.

In another development favorable for the DPJ, the candidate it supported was elected Sunday as governor of Nagano Prefecture.

In the survey conducted Saturday and Sunday, Kan topped the list of favorites for the DPJ presidential election to be held in September. He was backed by 37.2 percent of the respondents, followed by Seiji Maehara, currently the minister of land, infrastructure, transport and tourism, at 14.6 percent.

They were followed by Foreign Minister Katsuya Okada at 7.8 percent, former DPJ Secretary General Ichiro Ozawa at 5.3 percent, and Internal Affairs and Communications Minister Kazuhiro Haraguchi at 4.7 percent.

Those who said they either "approve" or "more or less approve" of a consumption tax hike to pay for fiscal rehabilitation and social security measures accounted for a combined 57.1 percent, up 4.6 points from the previous survey conducted July 12 and 13.

In the July 11 Upper House election, the DPJ and coalition partner Kokumin Shinto (People's New Party) lost their majority in the chamber.

By political party, the support rate for the DPJ came to 32.3 percent, followed by the LDP at 25.7 percent, Your Party at 15.4 percent and New Komeito at 5.2 percent.

The poll was conducted by telephone on 1,457 randomly selected voters nationwide, of whom 1,030 gave valid answers.

Guam against enlarging area for Okinawa marine influx

WASHINGTON (Kyodo) The government of Guam opposes expanding the local military zone by building new facilities to accept some 8,000 U.S. Marines from Okinawa, as agreed to by Japan and the United States, according to a letter it has sent to a navy official.

The move is an apparent reminder by the U.S. Pacific territory, which has accepted the planned transfer itself, for Washington to move the marines in a way that will entail no additional facilities, but may signal a further delay in the transfer if the two sides take a long time finding common ground.

Jackalyne Pfannenstiel, assistant secretary of the navy in charge of energy, installations and environmental issues, received the letter dated Friday. She said before a congressional panel last week that the transfer could be delayed beyond the current 2014 target, noting a shortage of local infrastructure.

The Defense Department then indicated completing the transfer in 2017 is an option.

A senior Guam official says in the letter that concerns persist over the possibility the Pentagon will enlarge the existing zone to deal with the marines' transfer, noting more than one-third of the island is already under military control.

Apology just to South irks North

PYONGYANG (Kyodo) North Korea has criticized Prime Minister Naoto Kan for issuing an apology Tuesday only to South Korea over Japan's 1910-1945 colonial rule of the Korean Peninsula.

"We can only judge that Japan wants to keep the division of the peninsula," a North Korean official in charge of Japanese affairs said Tuesday evening. "Besides, Japan has failed to settle the past with our country even 65 years after the end of World War II."

Kan expressed deep regret over the suffering Japan inflicted on Korean people during its colonial rule in a statement he issued Tuesday ahead of the Aug. 29 centenary of Japan's annexation of the peninsula.

The statement, however, did not touch on North Korea. Japan and the North have no diplomatic relations.

Stressing that Japan's colonial rule covered the whole Korean Peninsula, another North Korean official said Pyongyang "has the right to demand that Japan settle issues stemming from its colonial rule." He urged Japan to "take action as early as possible to settle the past" with North Korea.

Scandal-hit JSA chief exits, cites sickness

Kyodo News

Japan Sumo Association Chairman Musashigawa resigned Thursday due to health concerns and amid a scandal involving gambling and organized crime that has tainted the national sport.

Musashigawa, who only returned to the job last week after undergoing surgery for stomach cancer in July, will be replaced by Hanaregoma, formerly known as ozeki Kaikatesu.

The decision was made following an extraordinary board meeting at Ryogoku Kokugikan in Tokyo. The 62-year-old Hanaregoma becomes the 11th chairman of sumo's governing body.

Musashigawa had been expected to resign by the end of this month because of his poor health after undergoing an operation for stomach cancer July 21.

Shortly before the meeting of the extraordinary board, a third-party committee reviewing the governing system of the association held a meeting, but failed to compile measures to terminate sumo wrestlers' cozy links with the yakuza.

Musashigawa had once expressed his intension to step down, but changed his mind and stayed in the position earlier this month after many JSA members urged him to do so.

Former Tokyo High Prosecutor's Office chief Hiroshi Murayama stepped in to serve as the sumo governing body's acting chairman while Musashigawa was on probation after Miyabiyama, a wrestler from the chairman's stable, was found to have illegally bet on baseball.

Economic Front

China rapidly boosts investments in JGBs

Officials express concern over motive for expansion

Kyodo News

China sharply expanded investments in Japanese government bonds in the first months of this year, apparently to increase exposure to stable Japanese vehicles against the backdrop of the European debt crisis, data from the Finance Ministry and other sources showed Saturday.

While welcoming the interest from deep-pocketed China, which sits on rapidly growing foreign currency reserves, Japanese officials remain guarded about the country's intentions, fearing that the sharp expansion in investments may turn out to be a temporary shift to "safe" instruments.

According to the Finance Ministry, China purchased ¥1.28 trillion more Japanese securities than it sold in the January-May period this year.

The amount — for just less than half a year — already eclipses the record ¥253.8 billion in annual net purchases for the whole of 2005. In May alone, the month for which the latest data are available, its net purchases surpassed ¥735.2 billion, a record high monthly figure.

Most of the money is believed to have been invested in JGBs, with the majority going into short-term instruments maturing in one year or less.

The Chinese Foreign Ministry explained that such investments are a strategy to diversify investment of foreign currency reserves, according to Qin Gang, deputy director general of the ministry's Information Department.

The State Administration of Foreign Exchange, meanwhile, said the most important principle in investments is "safety."

A market participant said investments in JGBs accelerated because they are perceived as one of the safest asset vehicles in the world.

It remains unknown, however, how long the Chinese interest in Japanese debt instruments will continue, given China's downbeat perception about Japan's debt repayment capability.

In its first assessment of the sovereign debt of 50 countries issued in July, Dagong Global Credit Rating Co. gave an AA- rating with a "negative" outlook for JGBs.

Observers are also paying attention to see if China can be as stable a supplier of funds as Western economies. China imposes restrictions on investments by its private-sector entities in

foreign securities, meaning that the majority of investment flows from China are at the mercy of Beijing's whim.

China has seen its foreign currency reserves grow sharply as a result of currency market intervention by the People's Bank of China, the central bank, to stem the Chinese yuan's gains against the dollar.

As of the end of June, China was sitting on \$2.45 trillion worth of reserves, the world's largest, with an estimated 70 percent or so invested in dollar assets such as U.S. Treasury bonds.

China, however, is thought to have been adjusting its dollar-oriented investment portfolios following the financial crisis in the United States two years ago.

Japan had roughly ¥684 trillion in outstanding government bonds as of March 31, data by the Bank of Japan shows. Of this amount, only 4.6 percent was owned by overseas investors.

The government is planning to step up its efforts to market its bonds overseas, because too much reliance on domestic investors could turn out to be destabilizing.

Whether China will keep investing in Japan, however, remains to be seen.

"If China sees Japan's fiscal policy is not sustainable, it would not invest in Japan even if it has excess foreign currency reserves," said Hisashi Yamada, a senior researcher at the Japan Research Institute. A source at the Finance Ministry also remained alert.

"We need to judge the intention of China's selling and buying," the ministry source said.

Toyota to blitz emerging markets

NAGOYA (Kyodo) Toyota Motor Corp. aims to raise its global sales ratio for areas other than Japan, Europe and the United States to 50 percent from the current 40 percent, a senior company official said Monday, noting the automaker's focus on emerging economies as key sources of potential growth.

"There is no such thing as being profitable in developed nations while not being profitable in emerging economies," Executive Vice President Yukitoshi Funo said, indicating the firm will take steps such as cost reductions to attain its goal without sacrificing profitability.

Toyota plans to increase sales of cars like the Vitz compact in markets such as China, Brazil and the 10 member countries of the Association of Southeast Asian Nations as it faces signs that sales in industrialized countries have peaked.

Funo ruled out producing extremely low-priced cars as a means to boost sales, saying, "We will not gain market share through a price war."

Toyota sold about 3.7 million vehicles worldwide in the January-June period, of which about 1.51 million were sold in areas other than Japan, Europe and the United States.

Itochu logs 97% group profit rise

Kyodo News

Itochu Corp. on Monday reported a group net profit of ¥40.23 billion for the April-June period, up 96.9 percent from a year earlier, on higher resource and energy prices.

Operating profit in the first quarter increased to ¥47.16 billion from ¥13.09 billion the year before on sales of ¥2.73 trillion, up 24.5 percent, the trading house said.

Higher prices for metal, rubber and pulp contributed to the profit increase, it said.

Itochu left unchanged its forecasts for the year, estimating a net profit of ¥160 billion, up 24.9 percent from last year, and an operating profit of ¥260 billion, up 76.4 percent, on sales of ¥11.5 trillion, up 11.6 percent.

Mitsui loath to ante \$480 million

Bloomberg

Mitsui & Co. has refrained from paying \$480 million in bills from BP for costs related to the damaged Gulf of Mexico oil well, in which the trading house holds an indirect stake.

Mitsui is expecting more bills from BP for cleaning up the worst oil spill in U.S. history, Chief Financial Officer Junichi Matsumoto said at a news conference Tuesday, when it announced a 79 percent gain in first-quarter earnings.

BP booked a pretax charge of \$32.2 billion related to costs from the disaster, including \$20 billion reserved to pay damages. Robert Dudley, who will replace Tony Hayward as chief executive officer Oct. 1, has said BP will "vigorously" pursue its partners for costs.

Mitsui owns 70 percent of Mitsui Oil Exploration Co., which holds 10 percent of the field where the Macondo well is located through wholly owned U.S. subsidiary MOEX Offshore 2007 LLC, according to Mitsui Oil's Web site. Both MOEX and Anadarko Petroleum Co., which holds a 25 percent share in the well, have said they are withholding payments for spill costs.

Suzuki profit rises on India demand

Suzuki Motor Corp. boosted first-quarter profit sevenfold on growing vehicle demand in India.

Suzuki posted net income of ¥15.16 billion for the three months that ended in June, compared with ¥2.14 billion a year earlier, the company said Tuesday. Sales rose 14 percent to ¥656.28 billion from ¥577.14 billion, it said.

The automaker, based in Hamamatsu, Shizuoka Prefecture, is relying more on India, where more than half the cars sold are made by its local unit, Maruti Suzuki India Ltd. Maruti's sales in India surged 33 percent to a record 90,114 units in July.

Japan's Inpex acquires 25 pct of Peru oil block

TOKYO Aug 6 (Reuters) - Inpex Corp (1605.T), Japan's top oil and gas explorer, said on Friday it has acquired a 25 percent stake of Peru's onshore oil lot 117 from a unit of Brazil's Petrobras (PETR4.SA).

The block marks the first project for Inpex in the country.

The Petrobras unit decreased its stake to 50 percent after the deal. Colombia's state-run Ecopetrol ECO.CN has the remaining 25 percent.

Mitsui, Ruchi to Build \$1 Billion Steel Complex in Gujarat, Mint Reports

By Kyung Bok Cho - Fri Aug 06 01:22:32 GMT 2010

Mitsui & Co. and Ruchi Group plan to build a \$1 billion steel complex in Gujarat, India, the Mint newspaper reported, citing a local government official it didn't identify.

The plant will have an initial production capacity of as much as 1.5 million metric tons, according to the report on the newspaper's website.

Honda saw 12% surge in China auto sales in July

Bloomberg

Honda Motor Co.'s July sales in China increased by 12 percent to 56,688 vehicles from a year earlier, Chief Financial Officer Yoichi Hojo said Thursday.

Rising wages in China after strikes prompted Honda to temporarily halt production there will have little impact on earnings, Hojo said.

Honda aims to sell 630,000 vehicles in the world's biggest automobile market this year from 579,601 units in 2009, Chief Executive Officer Takanobu Ito said at the Beijing Motor Show on April 23. That forecast remains unchanged, Hojo said.

While Honda's labor costs in China are rising, they still make up only about 2 percent of costs there and are about a tenth of labor costs in developed countries, Hojo said. Strikes spread in China earlier this year after automakers and parts suppliers agreed to raise wages to end disruptions to production.

Toyota Motor Corp.'s China sales in July gained 1 percent to 64,200 vehicles from a year earlier, spokesman Hitoshi Yokoyama said in Beijing. Toyota's vehicle sales in the first seven months of 2010 gained 23 percent to 426,600 units, he said.

The automaker aims to sell 800,000 units in China this year and the company is "likely to achieve the target with the current pace," Yokoyama said.

Import sales up 57%

Kyodo News

Sales of new imported vehicles, including Japanese models made overseas, rose 56.6 percent to 21,683 units in July as Nissan Motor Co.'s launch of a Thai-made compact and government subsidies for fuel-efficient cars boosted sales for the ninth consecutive month, an industry body said Thursday.

Of the total, Japanese-brand vehicles surged to 6,354 units from 1,535 the year before, while sales of imported foreign-brand vehicles jumped 24.6 percent to 15,329, the Japan Automobile Importers Association said.

An association official said the increase in Nissan's sales was boosted by the popularity of its all-new March compact, which hit domestic dealerships on July 13.

Nissan has said domestic orders for the March reached 12,147 units in just two weeks, or more than three times its monthly target of 4,000.

Nissan emerged as the top seller in July with sales of 5,514 units from 26 vehicles a year before. Volkswagen fell back to second place on sales of 4,874 units, up 58.1 percent.

Japan Communications Service Allows iPhone on DoCoMo Network, Nikkei Says

By Steven McPherson - Thu Aug 05 23:30:20 GMT 2010

Japan Communications Inc. will this month start a service that allows iPhone 4 owners to use the network of NTT DoCoMo Inc., the Nikkei newspaper reported, without citing anyone. Currently, Softbank Corp. sells the iPhone in Japan, and subscribers are locked into the Softbank network. To use the new service, customers would have to buy an iPhone from abroad and pay a monthly fee, the report said.

Ebara Jumps Most in a Year After Boosting Operating Profit Forecast 50%

By Kyung Bok Cho - Mon Aug 09 00:12:07 GMT 2010

Ebara Corp., a Japanese pump maker, jumped the most in almost a year in Tokyo trading after raising its half-year operating profit forecast 50 percent to 9 billion yen (\$105 million).

Ebara advanced 8.5 percent to 369 yen as of 9:07 a.m. on the Tokyo Stock Exchange, headed for the biggest gain since Aug. 20, 2009. It was the best performer among stocks on the benchmark Nikkei 225 Stock Average, which dropped 1 percent.

Toyota Ends Exports to Iran Amid Sanctions to Avoid U.S. Conflict: Nikkei

By Alan Ohnsman and JoAnne Norton - Tue Aug 10 18:58:33 GMT 2010

Toyota Motor Corp. halted auto exports to Iran to avoid conflict with U.S. and United Nations sanctions over Iran's nuclear program, Nikkei English News reported, without saying where it got the information.

Toyota has contended auto exports to Iran don't violate the U.S. sanctions; it stopped shipments because companies that deal with Iran have come under scrutiny by the U.S. government, Nikkei said.

Steve Curtis, a U.S.-based spokesman for Toyota, said he couldn't confirm the report. Toyota doesn't make vehicles in Iran and has no direct operations in the country, Curtis said.

Toyota models in Iran are sold by Irtoya, an independent Iranian distributor that has no capital relationship with the Toyota City, Japan-based company, Toyota said.

About 4,000 Toyota vehicles were shipped to Iran in 2008, 250 in 2009 and 230 this year through May, Nikkei said, citing information from Toyota.

Hewlett-Packard Told to Pay \$270 Million Back Taxes in Japan, Asahi Says

By Tak Kumakura - Tue Aug 10 22:57:25 GMT 2010

Hewlett-Packard Co.'s Japanese unit was ordered to pay 23 billion yen (\$270 million) in back taxes after failing to report 47 billion yen in taxable income during the two-year period through October 2006, the Asahi newspaper said.

The tax surcharge relates to the Japanese unit's financial transactions with the U.S. parent, the newspaper reported, without saying where it obtained the information. The company may have appealed, the newspaper said.

Telephone calls made to the company's Tokyo office before business hours weren't answered.

Honda to Fix Battery Software in 90,000 Civic Hybrid to Slow Degradation

By Alan Ohnsman - Wed Aug 11 03:11:11 GMT 2010

Honda Motor Co., Japan's second-biggest seller of gasoline-electric cars, will fix a software flaw in about 90,000 Civic Hybrids sold in the U.S. that can cause their batteries to wear out sooner than expected.

Honda informed owners of model years 2006 through 2008 Civic Hybrids of the flaw starting this month and asked them to bring the vehicles into dealerships so the software could be reprogrammed. The repairs are being done as a “technical service bulletin” rather than a recall because the problem doesn’t endanger driver safety, said Christina Ra, a spokeswoman for Honda’s U.S. unit.

Ra couldn’t immediately confirm whether any of the nickel- metal hybrid batteries sold in the U.S. failed because of the flaw. The software modification affects how the battery is used and won’t reduce fuel economy for the compact sedans, she said.

Honda trails larger rival Toyota Motor Corp. in both U.S. and global hybrid sales. The Tokyo-based company’s CR-Z coupe arrives in the U.S. this month to aid flagging Civic Hybrid and Insight sales, which are down 31 percent this year to 15,853 vehicles in the nation. Toyota hybrid sales, accounting for 70 percent of U.S. sales of the fuel-saving autos, rose 2.6 percent to 108,356 through July.

The batteries may deteriorate and fail much earlier than their warranty of at least eight years and 100,000 miles, Honda said.

Japan Fix

The company also started fixing the same problem in about 16,000 Civics in Japan from the end of July, said spokeswoman Yasuko Matsuura in Tokyo. The vast majority of cars with the flaw are in Japan and the U.S., she said.

Ra also couldn’t immediately confirm whether the software flaw was first discovered by company engineers or consumers. Model 2009 and 2010 Civic Hybrids don’t need the repair as Honda already made minor adjustments to battery system components in those vehicles, Ra said.

The company this week also said it would recall 384,220 Accord and Civic cars and Element wagons to fix faulty ignition parts. Honda’s U.S. operations are based in Torrance, California.

Honda’ shares fall 2.8 percent in Tokyo to 2,793 yen as of the 11 a.m. trading break. The stock has declined 10 percent this year. Toyota has fallen 22 percent.

Japan Airlines May Say Assets Now Exceed Liabilities, Nikkei Reports

By Peter J. Brennan - Wed Aug 11 16:46:53 GMT 2010

Japan Airlines Corp. may say assets exceed liabilities by 24.8 billion yen (\$290.9 million) compared with a prior estimate of negative 12.2 billion yen because of results in the April-June quarter, Nikkei English News said without saying where it obtained the information.

JAL will submit the revision to the Tokyo District Court by the end of the month, Nikkei said.

Japan Tobacco Says Proportion of Japanese Who Smoke Fell to 23.9 Percent

By Steven McPherson - Wed Aug 11 07:00:16 GMT 2010

Japan Tobacco Inc. said the percentage of Japanese who smoke fell to 23.9 percent in 2010 from 24.9 percent in 2009, citing the results of a survey.

The number of smokers is continuing to decline, the company said, attributing the trend to aging of the population, health consciousness, regulations and a tax increase set for October.

“JT will continue its efforts to realize a society in which smokers and non-smokers can co-exist in harmony,” the company said in the report.

The percentage of women who smoke rose to 12.1 from 11.9, while the percentage of men who smoke fell to 36.6 percent to 38.9 percent, according to the survey.

Japan Buys Most Milling Wheat in 2 Weeks in Regular Tender, Ministry Says

By Jae Hur - Thu Aug 12 07:36:52 GMT 2010

Japan purchased 144,905 metric tons of milling wheat in a regular tender, the biggest volume in two weeks, the Ministry of Agriculture, Forestry and Fisheries said.

Shipment is set from Oct. 1 to 31, according to the ministry. The volume was the most since July 27, when the government bought 153,326 tons.

The ministry, which controls overseas purchases and domestic sales of wheat to stabilize supply, is Asia’s largest buyer as a single entity. It has bought 2.01 million tons of milling wheat this fiscal year through regular tenders, compared with 4.26 million tons in the year ended March 31.

Taiwan, Japan Bourses in Discussions to Cross-List Exchange-Traded Funds

By Weiyi Lim and Anna Kitanaka - Thu Aug 12 04:04:08 GMT 2010

Taiwan Stock Exchange is in talks to list exchange-traded funds in Japan to tap Asia’s largest stock market and advance its ambition of becoming an international fund-raising center.

“We have been studying it for some time but we are concerned about the demand for the product,” Taiwan Stock Exchange’s Senior Vice-President Michael Lin said in a phone interview today in Taipei, confirming a Commercial Times report. He said it’s unlikely the plan will be implemented this year. The sides have discussed listing each other’s ETFs since 2008, said Tokyo Stock Exchange Group Inc. spokesman Naoya Takahashi.

Taiwan, which has Asia’s fourth-largest emerging stock market, has sought to widen options for investors to attract funds. ETFs such as iShares MSCI Taiwan Index Fund, which typically are

designed to mimic the performance of market indexes and commodities such as gold, are baskets of individual securities structured as stocks that are traded on an exchange.

ETFs are gaining popularity among investors because they are cheaper and easier to trade than similar mutual funds. Unlike index mutual funds, which are priced at the end of the day, the value of ETFs changes as they trade throughout the day.

The benchmark Taix Index dropped 1 percent as of 11:18 a.m. The gauge has lost 4.6 percent this year, after it surged 78 percent in 2009 on optimism closer ties with China, the world's third-biggest economy, will boost trade and corporate earnings.

‘Weak Demand’

“Demand for such an ETF will be weak,” Sam Hsieh, a Taipei-based fund manager at Fuh Hwa Investment Trust Co., who helps oversee the equivalent of \$7.8 billion. “Both markets should be looking at China and other emerging markets if they want to boost investment.”

Taiwan also plans to list ETFs in Shanghai. Last year, the island's regulator approved the listing of World Index Shares ETFs - Polaris CSI 300 Fund, the first Hong Kong exchanged- traded fund on the stock exchange in Taipei, paving the way for domestic investors to buy funds linked to mainland Chinese shares. Taiwan's first ETF in Hong Kong, the Polaris Taiwan Top 50 Tracker, was listed last year.

Japan also has cross-listings of ETFs with New York, London and South Korea, Takahashi said.

Wal-Mart Supplier Li & Fung Offers \$901 Million for Distribution Company

By Wendy Leung and Cathy Chan - Thu Aug 12 11:05:57 GMT 2010

Li & Fung Ltd., the biggest supplier of clothes and toys to Wal-Mart Stores Inc. and Target Corp., is offering about HK\$7 billion (\$901 million) to buy out a distribution company, gaining a network in China.

The outsourcer will offer HK\$21, or 0.585 of its stock, for each share in Integrated Distribution Services Group Ltd., according to a statement to Hong Kong's stock exchange. The cash portion of the offer represents a 36 percent premium over Integrated Distribution Services' closing share price on Aug. 9, before it was halted from trading.

After the transaction, Li & Fung may derive 12 percent of its revenue from China and Southeast Asia, according to a company presentation. Asia contributed about 2 percent of sales last year. Li & Fung's profit in the first half of this year surged 55 percent to HK\$2.17 billion, beating analysts' estimates.

“It's a strategic move to increase Li & Fung's capabilities to provide logistics services and distribution into Asia for its clients,” said Matthew Marsden, a Hong Kong-based analyst at

Samsung Securities Co. “By increasing sourcing and distribution capabilities in Asia, through integrating IDS into their operations, Li & Fung would be enabled to offer large clients like Wal-Mart help in increasing distribution in Asia.”

The Hong Kong-based company has been acquiring rivals and signing supply agreements to help meet a sales target of \$20 billion this year.

‘Best Available Platform’

Li & Fung last traded at HK\$37.70 on Aug. 9, before it was halted from trading. Integrated Distribution Services, which is also halted, closed at HK\$15.42 on Aug. 9. Both companies’ shares resume trading tomorrow.

The distributor “provides the best available platform to replicate in Asia, and China in particular, Li & Fung’s success achieved in wholesaling in the United States and in Europe,” according to the joint statement issued by the two companies.

Parent Li & Fung Group and the Fung family, who combined own about 45 percent of Integrated Distribution Services, have elected to be paid in stock. The maximum cash outlay for the deal will be HK\$4.38 billion, Li & Fung said.

JPMorgan Chase & Co. is Li & Fung’s adviser for the transaction and BNP Paribas is advising independent shareholders, according to the statement to the stock exchange.

Earnings Beat Estimates

“Acquisitions are the speediest way for Li & Fung to boost sales,” said Renee Tai, vice president for research at CIMB-GK Securities HK Ltd. Tai has a “neutral” rating on the stock. “It remains to be seen how much value-add the assets can bring to Li & Fung and the company has continued to rein in costs.”

Li & Fung’s first-half net income of HK\$2.17 billion beat the mean estimate of HK\$1.93 billion in a Bloomberg News survey of four analysts.

Earnings per share in the six months ended June rose to 56.9 cents a share from 38.1 cents a year ago, with sales gaining 12 percent to HK\$51.8 billion.

Li & Fung has increased first-half profit for 15 consecutive years, acquiring rivals and supplying U.S., European and Japanese retailers with the Chinese clothes, toys and furniture. The company, with about \$1.2 billion in acquisition funds, is considering “a number of deals,” President Bruce Rockowitz said in Hong Kong today.

There are “still a number of deals we are looking at,” he said. “Many acquisition opportunities are in the market.”

He said the company “won’t go back and forth” on the offer price for Integrated Distribution Services. “It’s a firm offer.”

Mahindra Named Preferred Bidder for Ssangyong Stake

By Sookyung Seo and Seonjin Cha - Thu Aug 12 13:04:48 GMT 2010

Mahindra & Mahindra Ltd. was named preferred bidder for a controlling stake in South Korea’s Ssangyong Motor Co. as India’s largest maker of sport-utility vehicles aims to raise sales outside its home market.

Ssangyong, operating under bankruptcy protection, plans to reach a preliminary agreement with Mahindra by the end of August and sign a contract for the sale in November, it said in a statement to the Korea Exchange. The automakers didn’t disclose the size of the Mumbai-based company’s bid for Ssangyong, which has a market value of 440.7 billion won (\$369 million), according to Bloomberg data.

Obtaining control of Ssangyong may boost Mahindra’s plans for global expansion after buying Renault SA’s stake in an Indian car-making venture in April and drawing up plans to introduce a pick-up truck in the U.S. later this year. The purchase may also add Ssangyong’s SUV and small-car expertise and give access to markets including Russia, where the South Korean company exports vehicles.

Mahindra will get access to brands, technology and distribution networks overseas, said Vaishali Jajoo, an analyst at Angel Broking Ltd. in Mumbai. “It all depends on the valuation. It’s a bankrupt company and that should be kept in mind.”

Debt, Equity

MoneyToday, a Korean-language online newspaper, said in May that a deal for Ssangyong may be worth at least 700 billion won. Mahindra, which has 25 billion rupees (\$535 million) of cash, will fund the purchase through a combination of debt and equity, Group Chief Financial Officer Bharat Doshi told reporters today.

Ssangyong had \$640 million in long-term debt as of December, Doshi said. The borrowings will be repaid with the money Mahindra is paying to acquire the stake, he said, declining to disclose the bid amount.

Ssangyong, based in Pyeongtaek, South Korea, fell 8.5 percent to 11,850 won in Seoul, the lowest since May 27. Mahindra rose 1 percent to 633.05 rupees in Mumbai, extending the stock’s advance this year to 17 percent.

A decision by France’s Renault and its Yokohama, Japan- based partner Nissan Motor Co. not to bid for Ssangyong is weighing on the South Korean company’s shares, said Kang Sang Min, a Seoul-based analyst at Hanwha Securities Co.

‘Renault-Nissan Alliance’

“Many investors bought the stock on the expectation that Renault-Nissan alliance would buy Ssangyong,” he said.

Renault, which owns 80 percent of Busan, South-Korea based Renault Samsung Motors Co., will look at other options for their business expansion in Korea, spokeswoman Caroline De Gezelle said by telephone on Aug. 8.

Ssangyong, formerly controlled by China’s SAIC Motor Corp. sought bankruptcy protection early last year after higher oil prices and the global recession squeezed sales of its mainstay SUVs, resulting in a cash shortage.

The company sold 43,881 vehicles including 26,190 exports in the first seven months of this year, compared with 13,091 a year earlier, when the carmaker’s production was disrupted for 77 days as workers opposed to job cuts staged a sit-in.

Mahindra aims to tap Ssangyong’s network of 1,300 dealers outside South Korea, and will eventually start selling the carmaker’s SUVs in India, said Pawan Goenka, president, automotive and farm sector. The two automakers will have a combined sales of more than \$4 billion, he said.

‘Financial Strength’

“Mahindra brings financial strength, frugal engineering, sourcing and market synergies to Ssangyong,” Goenka said. “It is not far from breakeven.”

NM Rothschild & Sons Ltd. and Samsung Securities Co. are advising Mahindra on the deal, said V.S. Parthasarathy, executive vice president finance and mergers and acquisitions.

Mahindra said in May its budget for capital expenditure over the three years ending March 2013 will be 45 billion rupees. The automaker more than doubled its net income to 20.9 billion rupees last fiscal year as vehicle sales surged.

In May, Mahindra agreed to buy a 55 percent stake in Reva Electric Car Co., a closely held company based in Bangalore in south India to gain technology for alternative-energy vehicles. A month earlier, it took over Renault’s stake in a joint venture that makes the Logan sedan in India.

Mahindra entered two-wheeler business in 2008 by purchasing assets of Pune, western India-based Kinetic Motor Co. The automaker entered the aerospace industry last year by purchasing majority stakes in Aerostaff Australia, a component manufacturer, and Gippsland Aeronautics, a maker of turboprop aircraft.

India’s biggest tractor maker also plans to keep Ssangyong an independent entity run by local managers, Vice Chairman and Managing Director Anand Mahindra said. “Ssangyong gives Mahindra a leg into all the emerging and growing markets.”

Foot-and-mouth losses may cost Miyazaki ¥235 billion

MIYAZAKI (Kyodo) The economic impact on Miyazaki Prefecture from the outbreak in April of foot-and-mouth disease among livestock is likely to total ¥235 billion over the next five years, the prefecture said.

It is the first estimation by the prefecture of overall losses by its industries, including the livestock, tourism and transportation sectors.

It released the projections Tuesday, estimating roughly five years will be needed before the shipment value of the livestock industry recovers to levels before the epidemic hit Miyazaki farms.

Of the total, local authorities estimated the livestock industry would be hit by about ¥82.5 billion in losses and the meat-processing industry by around ¥8.9 billion. Related sectors such as animal feed makers and material suppliers were expected to lose about ¥47.8 billion.

Among other losses, it put at about ¥95 billion the negative impact on the restaurant, tourism and transportation sectors due to cancellations of tourist-oriented events and a dive in the number of tourists as of late July, when the prefecture lifted a state of emergency and removed the remaining ban on cattle transfers.

"We have estimated the size of losses to help the central government comprehend the magnitude when we ask it to provide assistance for our reconstruction," a prefectural official said.

Social Front:

JAL crash victims remembered

Family, friends mourn those lost as worst single-aircraft accident marks 25th anniversary

Kyodo News

UENO, Gunma Pref. — Relatives and friends of those who died in the 1985 Japan Airlines jumbo jet crash marked the 25th anniversary of the world's worst single-aircraft accident Thursday by climbing to the crash site in Gunma Prefecture to offer prayers to those lost.

Among the mourners was Yumiko Kobayashi, 51, from the city of Saitama, whose sorrow at losing her younger brother, Hiroyuki Kato, 21, remains unchanged despite all the years.

"If I think of all the conversations we could have had, I feel sad and frustrated," she said.

Kobayashi placed sunflowers at the crash site, known as Osutaka Ridge, because "he was a person with a sunny disposition, like sunflowers."

The plane, which was carrying 524 passengers and crew, crashed into Mount Osutaka on the evening of Aug. 12. Only four people survived.

By 4 p.m., more than 300 mourners had made their way, through sporadic rainfall and strong winds, to the ridge to commune with the souls of the victims at their grave sites.

With them was transport minister Seiji Maehara, the first state minister to lay flowers in memory of the victims.

"I have felt anew by visiting here that the essential mission of the transport administration is to secure safety," Maehara said, adding he will ensure that the 520 victims did not die "in vain."

He also stressed the importance of establishing a medium- and long-term public support system for those involved in such accidents and their relatives.

This year's anniversary comes at a crucial time for JAL, which filed for bankruptcy protection in January and is being reorganized under state guidance.

JAL President Masaru Onishi told reporters after laying flowers, "I pledged that our operations will be safe in front of the memorial."

"Even 25 years on, Osutaka remains our fundamental reference point for safety," said Onishi, who supported medical teams identifying the victims' body parts and also aided next of kin relatives at a school gymnasium following the crash.

With tears in his eyes he recounted the aftermath of the crash.

"I vowed in front of the monument that I will safeguard this (legacy) of (ensuring) safety," Onishi said.

A government investigation commission blamed the accident on Boeing Co. for making improper repairs to the plane's rear pressure bulkhead that went undetected by JAL in subsequent maintenance.

Some of the victims' relatives are still calling for a new investigation into the accident.

Mom: no remorse for kids' deaths

OSAKA (Kyodo) A 23-year-old mother who was arrested Friday after the rotting corpses of her two toddlers were found at their apartment in the city of Osaka has told investigators that she wanted time for herself, police sources said Saturday.

"I thought about a week later they might be dead," she was quoted as telling the investigators. "I didn't feel like I should return home to save them," she added.

Autopsies found that the children died around June after several days without food, although an exact cause of death could not be determined, according to the police.

Sanae Shimomura was arrested on the charge of abandoning the bodies of her 3-year-old daughter, Sakurako, and 1-year-old son, Kaede, in late June. She allegedly disappeared from home in late June, leaving her two children behind.

Shimomura, who had been moving between friends' homes, only returned to her apartment Thursday and found her children's corpses.

The police found the children's bodies the following day, after a report by a male colleague of Shimomura who had been contacted by the apartment's caretaker, the police said.

She had moved to the apartment in January, when she began working at a sex parlor. The apartment at which she lived with her children is used as a dormitory by the sex parlor, they said.

Shimomura moved from Mie Prefecture to Osaka Prefecture after marrying in December 2006, according to the police.

Shimomura's 49-year-old father, meanwhile, said that he had not been in contact with his daughter nor met his grandchildren since her divorce in May last year.

The parents of Shimomura's ex-husband lamented the death of their grandchildren.

"Sakurako was a smart and cheerful girl," said the 47-year-old grandmother. She said that her granddaughter looked after her younger brother often, and when he spilled milk the girl would wipe his mouth clean, she said.

"Although I hate her now, I was thinking of her as my own daughter," the former mother-in-law said about Shimomura.

The 49-year-old father of Shimomura's ex-husband said, "I am really sad. . . . I couldn't sleep last night."

Population falls for first time since '07

Kyodo News

Japan's population fell to 127,057,860 in the year to March 31, down for the first time in three years, largely because of an increase in the number of deaths amid the aging of the population, data released by the internal affairs ministry showed Saturday.

The population was down 18,323, with the number of deaths exceeding births, translating into a record net drop, or natural decline, of 73,024, according to the data compiled by the Internal Affairs and Communications Ministry based on basic resident registers nationwide.

The number of deaths totaled 1,146,105, the highest since the ministry began calculating the data in March 1980. The number of births came to 1,073,081, the second-lowest figure after that for March 2006.

Japan "may have become a society facing full-scale population declines as the number of deaths is on a rising trend amid the aging population," a ministry official said.

The population decline in the latest survey was partly offset by an increase in the number of people returning to Japan from overseas, as many companies scale down overseas operations.

Yakult Swallows fan claims Twitter's 20 billionth tweet

The Associated Press

Twitter's 20 billionth message didn't make much sense, but it spoke volumes about the rapid global growth of the microblogging service.

It came at 12:44 a.m. Sunday from user "GGGGGGo—Lets—Go" in Japan, where Twitter has exploded in popularity over the last year. The San Francisco-based company estimates the Japanese send nearly 8 million tweets a day, about 12 percent of the global total and second only to the United States.

The tweet itself is hard to decipher, because it appears to be part of a longer conversation between two users.

"So that means the barrage might come back later all at once," wrote the declared graphic designer and avid fan of the Tokyo Yakult Swallows in Japanese.

It didn't take long before GGGGGGo—Lets—Go was inundated with congratulatory messages from around the world for hitting the social networking milestone.

The user information changed shortly thereafter.

"I'm grateful and humbled by those who are visiting because of my 20 billionth tweet. Be warned, I tweet a lot about baseball."

While it took Twitter four years to reach tweet number 10 billion earlier this year in March, it took less than five months to double the figure thanks to its increasing popularity.

Japanese tourists rescued by copter in flood-hit Pakistan

ISLAMABAD (Kyodo) Seven Japanese tourists and their guide who were rescued by a military helicopter from flood-hit northeastern Pakistan arrived safely late Monday in Islamabad.

The country's worst flooding since 1929 has killed more than 1,100 people and left at least 1 million in need of emergency assistance, according to the United Nations.

"We are relieved to have safely returned" to the capital, one of the tourists said.

The tour was organized by guide Osamu Funao, 49, of Oita Prefecture, with six women and one man in their 60s and 70s from Tokyo and Aomori, Saitama, Hyogo, Fukuoka and Kumamoto prefectures.

The eight arrived in Pakistan on July 12, planning to hike in northern mountains with a local guide.

They had planned to leave the country last Thursday, but heavy rains started a day earlier and flights were canceled. The group headed for Islamabad by land but got stranded at a hotel in the Kohistan district of Kyber Pakhtunkhwa Province because of mudslides and washed-out bridges.

"I never expected to be rescued by a helicopter," said Funao.

Yahoo Japan vows to stay competitive

Kyodo News

Yahoo Japan Corp. will remain competitive with Google Inc. even after adopting Google's Internet search engine and online ad technology, because the two firms will use their own editing and advertising policies, Yahoo Japan President Masahiro Inoue said.

"We will operate the search engine under an editing policy that is independent (of Google's) and also have different screening criteria when it comes to advertising," Inoue told reporters, dismissing criticism by Microsoft Corp. that the Yahoo Japan-Google tieup is anticompetitive.

Yahoo Japan announced July 27 it will adopt Google's Internet search engine and search-linked advertisement distribution system, deviating from teaming up with Microsoft Corp. like its major shareholder, Yahoo Inc. of the U.S.

Inoue said the company has been explaining in detail to the Fair Trade Commission about the tieup for several months.

"We are aware of why the deal between Yahoo of the United States and Google fell through (due to monopoly problems)," he said, and added Yahoo Japan's agreement with Google is the "result" of also having studied that case.

Microsoft has lodged a protest over the tieup, which looks to effectively let them monopolize domestic Internet search services, something the U.S. software giant has dubbed as "even more anticompetitive" than Google's deal with Yahoo Inc. in 2008, which the U.S. Justice Department found illegal.

Inoue stressed that Yahoo Japan's case differs from that of Yahoo Inc. because the Japanese firm doesn't have its own search engine. Yahoo Japan has been using the same search engine as Yahoo Inc.'s.

Microsoft said it is set to present to the Fair Trade Commission evidence to prove the planned tieup will impair fair competition in the online search market, officials of its Japanese unit said last week.

Currently, Yahoo Japan has a nearly 60 percent share of Internet search services in Japan, while Google has close to 40 percent.

Pro-North Korea schools in pipeline for tuition waiver

Kyodo News

The education ministry will include pro-Pyongyang high schools in the government's tuition waiver program, sources said Wednesday.

The move comes amid increasing views among a ministry panel of experts considering the eligibility issue that the schools, which have close ties with Chongryon, or the General Association of Korean Residents in Japan, have curricula similar to those of other high schools, the sources said.

But opposition remains strong even among lawmakers in the ruling bloc — including Hiroshi Nakai, state minister in charge of abduction issues — with some calling for their exclusion in light of the unresolved abductions of Japanese by North Korean agents.

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

Foreign schools, including international schools, are eligible if they are recognized as equivalent to Japanese high schools through checks with their home countries, or if their curricula are accredited by an international organization.

But pro-Pyongyang schools, because Japan doesn't have diplomatic ties with North Korea, have been excluded because they, unlike other foreign schools, can't be technically confirmed as being equivalent to Japanese schools.

Education minister Tatsuo Kawabata has said he will reach a conclusion by the end of August. He said Wednesday the expert panel will discuss the matter "in a quiet environment" and its conclusion will be publicized.

Ambassador Roos Is First U.S. Representative to Hiroshima Event

By Adam Le - Fri Aug 06 10:09:27 GMT 2010

U.S. Ambassador John Roos attended the annual Hiroshima ceremony to commemorate the atomic bombing of the city 65 years ago, the first American representative to do so.

Roos, the top U.S. diplomat in Japan, was joined by Ban Ki- Moon, the first UN Secretary-General to attend the event. The U.K. and France also sent envoys to Hiroshima for the first time.

“As long as nuclear weapons exist, we will live under a nuclear shadow,” Ban said at the ceremony. “We made important progress at the nuclear summit in Washington D.C. last April. We must keep up this momentum.”

U.S. President Barack Obama at an April 2009 meeting won commitments from 46 nations to lock down nuclear material and keep it out of the hands of terrorists. Ban also said today he would push for negotiations toward ridding the world of nuclear weapons next month in New York at the Conference on Disarmament, an international forum for discussing arms control.

Japanese Prime Minister Naoto Kan, speaking at the ceremony, pledged to keep Japan’s principle not to possess, develop or allow nuclear weapons in the country. He said he wants atomic- bombing victims to tell the world of the horror of nuclear weapons as special envoys for nuclear disarmament.

‘Moral Responsibility’

“Movement toward nuclear disarmament and non-proliferation has gained new momentum” since April last year, Kan said. “I firmly believe that Japan, as the only country to have experienced nuclear devastation in war, has a moral responsibility to lead actions toward realizing a world without nuclear weapons,” he said.

Roos, who did not give a speech at the event, said in a faxed statement sent by the U.S. embassy in Tokyo that “for the sake of future generations, we must continue to work together to realize a world without nuclear weapons.”

The atomic bomb dropped on Hiroshima by the U.S. aircraft Enola Gay exploded at 8:15 a.m. on Aug. 6, 1945 and killed an estimated 140,000 people in the western Japanese city that year. A bomb dropped three days later on Nagasaki, in southwestern Japan, killed more than 70,000 people initially, according to city records.

Rasmus Paltschik, 25, a visitor from Helsinki who was at the ceremony, said he thought the U.S. should have sent representatives to the ceremony decades earlier and should also apologize for the bombings. “I would have expected the President of the U.S.A. to come here in the 1950s,” he said.

“I don’t think the U.S. needs to apologize,” said Hiromi Nii, 22, a local university student who was there for the first time. “Still, I’d like it if they acknowledged what they did.”

The U.S., in its statement, said that on the 65th anniversary of the bombing “it is fitting that we renew our determination to ensure that such a conflict is never again repeated.”

More nurses, caregivers arrive from Indonesia under agreement

Kyodo News

About 110 Indonesian nurses and caregivers arrived in Japan on Saturday, seeking to pass the national qualification exam for jobs under the bilateral free-trade agreement.

Japan, a rapidly aging society, began accepting nurses and caregivers in 2008 from Indonesia and the Philippines, with which Japan struck a similar FTA, as national exam applicants.

About 70 Indonesian caregivers arrived at Narita airport and headed for training facilities in Yokohama. Some 40 Indonesian nurses arrived at Central Japan International Airport near Nagoya and moved to training facilities in Toyoda, Aichi Prefecture.

For about two months before coming to Japan, they participated in training sessions for the Japanese language and lifestyle. They will start taking classes at the Japanese facilities Monday, seeking to pass the national exam while working at nursing-care facilities.

With their arrival, more than 1,000 nurses and caregivers from Indonesia and the Philippines have come to Japan as applicants to the health care program under the free-trade accords.

Three nurses — two Indonesian and one Filipino — passed Japan's national nursing qualification exam conducted last February, becoming the first successful applicants under the program.

As of July, 33 had given up trying to pass the qualifying exam and returned home.

Kanji and technical terms used in the exam are thought to pose a considerable hurdle for such foreign applicants.

Under the program, foreign nurses are required to return to their home countries if they fail to pass Japan's nursing qualifying exam within three years. Caregivers also need to clear Japan's qualifying exam within four years.

In the 2008 and 2009 fiscal years through next March, Japan accepted 570 health care workers from Indonesia — 277 nurses and 293 caregivers — as applicants to the program.

Miyazaki set to issue foot-and-mouth all-clear

MIYAZAKI (Kyodo) The Miyazaki Prefectural Government has said no abnormalities were found in safety checks it conducted on all of the more than 900,000 cows and pigs raised by

farmers in the prefecture following the serious outbreak of foot-and-mouth disease three months ago.

The prefecture is expected to declare an official end to the epidemic among livestock on Aug. 27 after the completion of processing the animals' excrement at the farms into compost.

Since the first case of foot-and-mouth was confirmed April 20, the epidemic has had a severe impact on the local agricultural industry, forcing the prefecture to slaughter about 289,000 cows and pigs to contain the disease.

On July 27, Miyazaki Gov. Hideo Higashikokubaru lifted the state of emergency and left the prefecture free from any restrictions on moving livestock.

The prefectural government conducted the safety checks starting July 22, targeting all of the cows and pigs raised by about 8,100 farmers in Miyazaki as part of efforts to dispel rumors about the livestock's safety.

It had veterinarians visit about 7,600 farms through Friday to implement visual examinations of cows to make sure they weren't showing symptoms of foot-and-mouth disease, while the safety of pigs at about 470 farms was confirmed by Monday through such steps as visits and telephone calls to farmers.

Auctions for the animals at eight livestock markets in Miyazaki Prefecture have been halted since April, but their operations are planned to gradually resume later this month.

Over 75% back death penalty: poll

Kyodo News

A Kyodo News poll shows that 75.9 percent of the public supports the death penalty, far exceeding the 19.5 percent who oppose capital punishment.

The poll was conducted after Justice Minister Keiko Chiba, a former member of a group of lawmakers opposed to the death penalty, ordered the hanging of two inmates in July, the first executions under the Democratic Party of Japan-led government.

At present, almost 140 countries have abolished or suspended executions.

According to the poll, 79.5 percent of men and 72.7 percent of women support the death penalty.

The poll was conducted by telephone on 1,457 randomly selected voters nationwide, of whom 1,030 gave valid answers.

Tropical Storm Dianmu Approaches Japan's North After Killing Five in Korea

By Stuart Biggs - Thu Aug 12 01:50:40 GMT 2010

Japan's Meteorological Agency issued warnings for heavy rain, high waves, storm surges and landslides as Tropical Storm Dianmu approached the country's north after leaving five dead in South Korea.

Sustained winds slowed to 83 kilometers (52 miles) per hour as Dianmu left the Korean peninsula and began tracking through the Sea of Japan toward the main island of Honshu, the agency said in a bulletin at 8 a.m. Tokyo time. The storm is forecast to make landfall close to Akita city in northern Japan later today, the bulletin said.

Dianmu is expected to cross northern Honshu and skirt the southern coast of the island of Hokkaido by tomorrow, according to the agency. Warnings for high waves and storm surges are in place for coastal areas of Honshu and for heavy rain and landslides in Hokkaido, the agency said.

In South Korea, five people were killed in the storm, the National Emergency Management Agency said on its website.

Dianmu is the goddess who commands thunder and lightning in Chinese mythology, according to the website of the Hong Kong Observatory, which lists names assigned to cyclones in the South China Sea and northwestern Pacific.

Abu Dhabi crash kills four Japanese

CAIRO (Kyodo) Five people, including four Japanese nationals, were killed in a traffic accident outside Abu Dhabi on Wednesday, according to the Foreign Ministry in Tokyo and media reports.

Gulf News said a minivan carrying four Japanese men and their driver slammed into the back of a tractor-trailer rig around 11:45 p.m. Wednesday. The ministry said the accident happened in Tarif, a town about 100 km southwest of Abu Dhabi, the capital of the United Arab Emirates.

According to JGC Corp., a plant engineering company based in Yokohama, three of the Japanese were employees of the firm, while the fourth was an employee of JGC Project Services Co., a group firm also based in Yokohama.

The four had been involved with the construction of a natural gas processing plant in the United Arab Emirates for a few months, according to JGC. Their names have not been released, but according to a related party, three of the men were in their 50s, while the fourth was in his 60s.

The four had earlier in the evening had dinner in Abu Dhabi and were being driven back to their lodgings near the construction site when the accident occurred.

The ministry said a Filipino man was driving the minivan, but Gulf News said the driver was a Pakistani.

Gulf News quoted a traffic accident investigator as saying the four Japanese men were dead when emergency workers arrived, and that the driver succumbed to his injuries on the way to a hospital.

It quoted another traffic official as saying the driver of the truck pulled out into traffic without checking for other vehicles. The minivan was dragged for 25 meters because the trucker did not feel the impact of the crash, according to the report.