

Japan quake a buying opportunity: Buffett

AFP, Seoul
US billionaire investor Warren Buffett said Monday that a massive natural disaster would not hamper the future of the Japanese economy and could prompt a new bout of stock buying.

"I'm not looking at Japan's economic future differently from 10 days ago... extraordinary events offer (a) buying opportunity," he told reporters.

Buffett, the chairman of investment firm Berkshire Hathaway, was visiting South Korea to attend a ground-breaking ceremony for a local unit of Israel's Iscar Metalworking Companies, 80 percent owned by Berkshire Hathaway.

Japan's Nikkei index lost around 10 percent in the week following the devastating March 11 quake and tsunami.

Buffett, however, urged against selling Japanese stock -- markets were closed in Tokyo on Monday -- and said Japan would recover relatively quickly, Yonhap news agency said.

The disaster, which has left 8,649 people dead and 13,262 missing, could cost the Japanese economy up to \$235 billion, the World Bank said Monday.

Growth, however, should pick up in subsequent quarters "as reconstruction efforts, which could last five years, accelerate", it said.

Buffett, known as the "Oracle of Omaha" for his investment savvy, said Berkshire was seeking further acquisitions worldwide including South Korea following its \$9 billion purchase of US lubricant maker Lubrizol.

"We're looking at a number of big businesses in Korea, the US, the UK.



AFP
South Korean President Lee Myung-Bak (R) shakes hands with US billionaire investor Warren Buffett (L) during their meeting at the presidential Blue House in Seoul yesterday. Buffett said a massive natural disaster would not hamper the future of the Japanese economy and could prompt a new bout of stock buying.

We hope to find good companies wherever they may be. Basically, it's the bigger, the better," he said.

The tycoon also played down military and nuclear threats from North Korea, saying the communist

country "isn't a big threat" to the firm's investment in the capitalist South.

Buffett was scheduled to meet with South Korean President Lee Myung-Bak later Monday.

Disaster could cost Japan \$235b: WB

AFP, Singapore

Japan's massive earthquake and tsunami could cost its economy up to \$235 billion, or 4.0 percent of output, and reconstruction could take five years, the World Bank warned Monday.

"If history is any guide, real GDP growth will be negatively affected through mid-2011," the Bank said in its latest East Asia and Pacific Economic Update report.

But growth should pick up in subsequent quarters "as reconstruction efforts, which could last five years, accelerate", it added.

The lower end of the damage estimates, based on projections by the Japanese government and the private sector as of March 17, was equivalent to 2.5 percent of gross domestic product (GDP), or \$122 billion.

Ratings agency Moody's in a special report said downside risks had increased over the past week for Japan's economy, sovereign credit, banking, insurance, and non-financial corporate sectors.

World Bank chief regional economist Vikram Nehru said a nuclear crisis arising from a power plant crippled by the disasters has complicated the situation and its impact will depend on how long it takes to solve the problem.

Nehru said the Japanese yen, which shot to post-war highs against the US dollar after the disasters, was expected to normalise after Japan and its fellow G7 rich nations vowed action to stem the currency's rise.

"We're not terribly worried about that," Nehru told reporters in Singapore. "The expectation is that this strengthening of the yen was relatively temporary."

Japanese financial markets were closed Monday.

The dollar, which had immediately strengthened after the G7 move, was trading firmer at 80.928 yen in afternoon Asian trade Monday, up from 80.59 in New York late Friday.

Japan's GDP grew 3.9 percent in 2010, when it was overtaken by China as the world's second-biggest economy after being mired in a malaise since a property bubble burst in the early 1990s.

Nehru said the Japan disasters would affect the rest of Asia but it was too early to give estimates of the cost to the region.

"In the immediate future, the biggest impact will be in terms of trade and finance," he said on the sidelines of a regional conference.

The World Bank noted that after the 1995 Kobe earthquake, Japan's trade slowed only for a few quarters, with imports recovering fully within a year and exports rebounding to 85 percent of pre-quake levels in the same period.

"But this time around, disruption to production networks, especially in automotive and electronics industries, could continue to pose problems (beyond one year)," the report added.

The World Bank noted that developing East Asia's trade with Japan accounted for about 9.0 percent of the region's total external trade in the past five years.

It estimated exports from the region could slow by 0.75-1.5 percent if Japan's GDP shrank 0.25-0.5 percent.

The auto and electronics industries are already feeling the impact from the country's deadliest natural disaster since 1923, with production at major companies including Toyota and Sony disrupted.

In the electronics sector, prices of memory chips -- Japan supplies up to 36 percent globally -- have shot up by more than 20 percent in some segments, the World Bank said.

Reconstruction efforts may also affect East Asian countries holding yen-denominated liabilities, according to the report.

"A one percent appreciation in the Japanese yen translates into a \$250 million increase in annual debt servicing on yen-denominated liabilities," the Bank said.

Medvedev finalising investment fund project

AFP, Moscow

Russian President Dmitry Medvedev was on Monday set to chair a meeting to hammer out details of a key joint investment fund in a bid to bring new foreign capital to the country, a newspaper said.

The Kremlin chief, who seeks to wean his country's hydrocarbon-dependent economy off oil and gas, last year vowed to create a "special sovereign fund" that could help boost his economic modernisation effort and make Moscow into a global financial centre.

Citing unidentified government and Kremlin officials, the Vedomosti financial daily said there was still no agreement in the government regarding the size and type of the fund and that Monday's meeting was expected to bring clarity on the issue.

The ministry of economic development proposes to set up a \$10 billion fund, while the finance ministry agrees to invest no more than \$1 billion, the report said, adding that a third, compromise option supported by the finance ministry foresees a gradual increase in capitalisation.

There is also no agreement on the form of the investment vehicle, with officials said can either be a joint stock company or a closed-end mutual investment fund, the report said.

Beijing targets luxury ads amid wealth gap

AFP, Beijing

China's capital has banned outdoor advertising that promotes hedonistic or high-end lifestyles as the government seeks to ease public concerns about the country's widening wealth gap.

The Beijing Administration for Industry and Commerce said in a recent statement that businesses were given an April 15 deadline to rectify such ads, along with any that excessively promote "foreign" things.

It gave no details on which "foreign" things were deemed objectionable.

Such promotions help create a politically "unhealthy" climate, it said.

Violators could face fines of up to 30,000 yuan (\$4,600), the state-run China Daily said Monday.

Newly forbidden words include "supreme", "royal", "luxury" or "high class", which are widely used in Chi-

nese promotions for houses, vehicles and wines, it said.

Authorities in the southwestern megacity of Chongqing last week issued similar rules that barred real estate advertisements from using phrases including "best", "unique" or "irreplaceable".

Chinese officials are struggling to cool criticisms over a widening income gap at a time when high inflation has put economic pressure on the country's hundreds of millions of low-income farmers and industrial workers.

Premier Wen Jiabao said earlier this month that "resolving unfair income distribution" would be a major objective under a 2011-2015 state economic plan.

The brokerage firm CLSA Asia-Pacific Markets predicted in January that China would become the world's largest luxury goods market by 2020, accounting for 44 percent of worldwide sales and bigger than the entire global market is now.

Yen weaker against dollar after G7 pact

AFP, Singapore

The yen fell against the dollar in Asia trade Monday after Japan and its fellow G7 partners vowed last week to halt the currency's rise with a joint intervention, analysts said.

In afternoon trade, the dollar rose to 80.95 yen from 80.59 yen in late US trade Friday. Markets in Japan are closed for a public holiday and will reopen Tuesday.

The euro changed hands at \$1.4162, down from \$1.4176 late Friday, while the euro was at 114.65 yen compared with 114.91.

"The focus this week will obviously remain on the consequences of the earthquake (in Japan) and the responses of the markets, particularly currencies," said analysts from Capital Economics research.

World Bank chief regional economist Vikram Nehru said the yen, which shot to post-war highs against the US dollar after the disasters, was expected to normalise after the pledge by G7 members.

"The expectation is that this strengthening of the yen was relatively temporary," Nehru told reporters in Singapore.

"We suspect that with the injection of liquidity now by the Japanese authorities, together with a slowdown in net inflow, the yen will once again go back to its normal levels overtime."

Capital Economics said Friday's statement by the G7 that they would step into currency markets meant the yen "will be significantly weaker in a

Boeing's new jumbo makes 'perfect' maiden flight

AFP, Seattle, Washington

US aerospace giant Boeing's newest and biggest jumbo jet, the 747-8 Intercontinental, made its maiden flight Sunday, watched closely by aviation fans and European rival Airbus.

The new version of the classic double-decker 747 took off into nearly cloudless skies at 9:58 am (16:58 GMT) from the Paine Field airport near Boeing's Seattle headquarters, watched by thousands of workers and guests.

The red, white and orange-liveried aircraft landed just over four hours later having been taken through its paces over Washington state, on the northwest Pacific coast.

"It just went perfectly," said chief test pilot Mark Feuerstein after the flight, adding that, while it still faces months of test flights before being certified, "the airplane is actually ready to go fly right now."

Boeing's largest passenger plane, the 747-8 can carry 467 passengers in a three-class configuration and is designed for long-haul routes -- with a range of 8,000 nautical miles (14,815 km) it can fly direct from New York to Hong Kong, or Los Angeles to Mumbai, or London to Singapore.

The plane is a longer and more fuel-efficient update of Boeing's double-decker 747 jumbo jet, and will compete with European rival Airbus's A380, the world's biggest passenger plane.

Among those watching the maiden flight was Joe Sutter, the chief engineer of the original 747.

In a tribute to Sutter -- celebrating his 90th birthday on Monday -- the initials "JFS" were painted on the landing gear bay door of the first 747-8 Intercontinental.

"It makes me feel real good. The fellas are telling me I'm part of the team," he said.

The double-deck A380 entered service in 2007 and can carry 525 passengers in the same configuration.

Boeing insists the 747-8 is not a rival to the A380, but complemen-

Boeing 747-8 Intercontinental			
New jumbo jet made its maiden flight on Sunday			
Seating:	467 passengers	Wingspan:	68.5 m
Range:	14,815 km	Length:	76.3 m
Cruise speed:	Mach 0.85	Height:	19.4 m
Engine:	GEnx-2B67 (x4)	Interior cabin width:	6.1 m
Max. takeoff weight:	442,250 kg	First delivery:	late 2011



Sources: AFP/Boeing

tary to it -- noting that both Lufthansa and Korean Air have ordered both.

But Airbus sees the new Boeing plane as a straight competitor. Airbus commercial director John Leahy didn't conceal his feelings when Air China announced earlier this month it was going for the A-380 over the 747-8.

"That was very disappointing.. We did think we had a better offer with the A380 at that particular juncture. You win some, you lose some," he told the Financial Times.

The 747-8 -- the world's longest aircraft at 76.4 meters (250 feet) -- was unveiled to the public in February, six years after the project was announced in 2005, and roughly two years behind schedule.

The new aircraft now has to undergo more than 600 hours of test flight, to be ready to be certified at the end of the year, said senior Boeing executive Elizabeth Lund, at a press conference with chief test pilot Feuerstein.

Using 787 Dreamliner engine

technology, Boeing says its new aircraft will achieve better fuel economy than any competing jetliner. Compared with the A380 the new plane's per seat-mile costs are more than six percent lower, it said.

The first 747-8 is due to be delivered to an as-year-undisclosed customer -- although it is not an airline -- in late 2011.

Lufthansa, which has ordered 20, is expected to be the first airline to receive the new model in early 2012, Boeing said last month. When the order was announced in 2006, the German airline expected first delivery in 2010.

To date, the 747-8 program has garnered a relatively modest 114 orders, only 38 of which are for the passenger version -- including an order for five from Air China which is still awaiting a government green light.

Luxembourg's Cargolux is scheduled to take delivery of the first 747-8 freighter in the middle of this year -- out of 76 cargo versions so far ordered -- nearly two years later than the original target delivery date.



AFP
Seafood products are on display during the 2011 International Boston Seafood Show at the Boston Convention and Exhibition Centre in Boston on Sunday. The annual show is North America's largest seafood trade event, drawing some 17,000 buyers and sellers from more than 90 countries and over 900 exhibiting companies.