Cheap yen, fading Fukushima fears lure Japan tourists

AFP, *Tokyo*

The 2011 earthquake and tsunami that smashed into Japan laid waste to the country's tourism industry, leaving a coastline in ruins, killing thousands and sparking the worst atomic crisis in a generation.

But, four years on, the sector is bouncing back, shattering expectations on visitor numbers, largely owing to a weak yen and fading fears about the fallout from the Fukushima disaster.

Worries about radiation sent the number of inbound visitors to Japan into a steep dive and the thought of attracting new tourists seemed an impossible goal in the days and weeks after the catastrophe.

But last year Tokyo logged a record 13.41 million international visitors, double the number of 2011 and more than half of the 20 million it hopes to attract during the 2020 Olympic Games.

Easing fears about radiation and a sharp drop in the value of the yen -- which has toned down Japan's reputation as a pricey destination -- are helping to draw people like Buenos Aires native Jorge Santillan and his wife.

"That really influenced our decision," he said, referring to the exchange rate.

Since Prime Minister Shinzo Abe launched a bid to resuscitate the Japanese economy in early 2013, the yen has dropped 20 percent against the euro and about 40 percent on the dollar -- making everything from sushi and sake to hotels and bullet trains a lot cheaper for visitors.

"We were checking the Internet and saw it was getting cheaper than before and so we said 'let's go!'" said French visitor Arnaud Cornillet.

Japan has come a long way from the televised images of tsunami-battered communities and workers in biohazard suits struggling to bring reactor meltdowns under control.

The Japan National Tourism Organization (JNTO) says the stigma of the Fukushima accident, the worst since the Chernobyl disaster in 1986, has dropped significantly, though it has yet to fade completely.

But "we have said many times that radiation levels are absolutely insignificant in Tokyo and the main tourist areas," said JNTO official Mamoru Kobori.

"People understand that travelling, eating and living here don't pose a problem, as long as you avoid the restricted area around the Fukushima nuclear plant."

Japan's industry minister Akihiro Ohta has described 15 million visitors this year as a "realistic" target, aided by a pickup in regional tourism as tourists from Taiwan, South Korea and China flood luxury boutiques in Tokyo's Ginza shopping district.

That has been helped by the relaxation of visa restrictions -- despite often-tense diplomatic relations between Japan and its neighbours.

Japan's cuisine, traditional inns called "ryokan" and the famous hot springs found in every corner of the country are top draws for visitors, said Mika Hatakeyama, Japan product manager at top-end French tourism agency Voyageurs du Monde.

"People who are delighted with (the country's) friendliness and hospitality are going back and tell others, so there is a word-of-mouth effect," she said, adding that Japan's reputation as a safe destination helped boost sales by 40 percent in 2014 from a year earlier.

But the surge in visitors is also straining key tourist spots to capacity, including the ancient capital Kyoto where hotels are often booked solid months in advance, Hatakeyama said.

As a result, efforts are being made to persuade tourists to head to less-visited areas of rural Japan.

"We recognise that further efforts have to be made to strengthen infrastructure" ahead of the Tokyo Games, said the JNTO's Kobori.

"Building permit applications are booming and, according to our numbers, there should be 10,000 additional hotel rooms in Tokyo alone by 2020."

While Japan is aiming for tourism numbers similar to Britain or Turkey, at around 30 million annually, it would still remain a shadow of world leader France with its 80 million visitors.

AFP

The picture taken on March 3 shows foreign tourists looking at a guide book and a map at Sensoji temple at Tokyo's Asakusa district.

StanChart's net profit fell 37pc to $2.51b in 2014

AFP, *Hong Kong, China*

Asia-focused Standard Chartered bank said Wednesday net profit fell 37 percent in 2014, the second consecutive year of decline, almost a week after announcing two of its top bosses would leave in a reshuffle aimed at transforming its fortunes.

The troubled British lender said net profit came in at $2.51 billion for the year, down from $3.99 billion in 2013 and described the result as "disappointing".

The bank said Thursday chief executive Peter Sands will step down in June followed by chairman John Peace next year, in a radical management reshuffle to stem a growth slowdown.

In a filing to the Hong Kong stock exchange, Peace said "2014 was a challenging year, and our performance was disappointing" but added that the bank took "decisive action" last year to reposition itself for the future.

Operating income fell two percent year-on-year to $18.23 billion while profit before tax stood at $5.19 billion down 25 percent from 2013. "We faced a perfect storm," Sands said in the statement underlining negative sentiment to emerging markets, a sharp drop in commodity prices and a welter of regulatory challenges.

"Some of the decisions we took in the past look less good now than they did at the time, such as Korea, which in 2014 made a loss before tax of $145 million," he said.

"It is obviously one of the more challenging sets of numbers I have had to explain," said Sands, who has worked at the bank for 13 years.

Former JPMorgan investment bank head Bill Winters will replace Sands, which had issued three profit warnings over the past 12 months that had sparked shareholder calls for a boardroom cull.

Taiwan snubs Alibaba funding pledge

AFP, *Taipei*

Taiwan has snubbed a multi-million dollar funding pledge by China's e-commerce giant Alibaba designed to encourage the island's young entrepreneurs, saying youth talent should stay away from the mainland.

It comes after the island demanded Alibaba withdraw from Taiwan as it had violated investment rules.

Alibaba announced the Tw$10 billion ($316 million) dollar funding scheme for young entrepreneurs to help them set up businesses and sell products in mainland China on Monday.

Company founder Jack Ma emphasised the benefits of the scheme during a speech to students Tuesday, urging them to "follow your dreams".

But the island's top economic planning organisation, the National Development Council, said the mainland "should not be given top priority by young people... given its opaque legal system and implicit rules that could enhance the risks of starting up businesses".

"The (Alibaba) foundation cannot change the reality. We urge those interested people to start up businesses in Taiwan cashing in on the resources offered by the government," the statement late Tuesday added. Tensions are high in Taiwan over increased Chinese influence following a thaw in relations under current president Ma Ying-jeou.

Ma came to power in 2008 on the promise of warmer ties and improved cross-Strait trade to boost the economy, but concerns over Beijing's influence led to his ruling Kuomintang party's heavy defeat in local elections in November.

S Korea finance minister voices deflation fears

AFP, *Seoul*

South Korea's Finance Minister Choi Kyung-Hwan voiced deflation concerns Wednesday after inflation last month hit its lowest level in more than 15 years, despite record low interest rates.

"Concerns about deflation are worrying due to a prolonged period of low inflation," Choi was quoted by the Yonhap news agency as telling a forum in Seoul.

Falling crude oil prices have pushed down consumer prices in South Korea, with data Tuesday showing inflation at just 0.5 percent in February -- the lowest level since July 1999. Asia's fourth-largest economy imports nearly all of its energy needs.

But the oil price slump is not the only factor, with inflation stuck below the central Bank of Korea's target range of 2.5-3.5 percent for almost three years.

Warnings about South Korea stumbling into a Japan-style deflationary trap have been increasing in recent months and Choi's remarks were seen as reflecting government hopes that the central bank will consider a further interest rate cut.

After two rate cuts last year, the Bank of Korea's benchmark rate is currently at a record-equalling low of 2.0 percent -- a level not seen since 2009-10 when Asia's fourth-largest economy was seeking to recover from the global financial crisis.

"I've been studying Japan's 'Lost Decade' case, as South Korea risks taking a similar step," Choi said.

The central bank in January slashed its economic growth forecast for this year to 3.4 percent from the previous 3.9 percent, while it lowered its inflation outlook to 1.9 percent from the 2.4 percent previously stated.

Choi said the government would maintain its expansionary fiscal policies to boost domestic consumption, citing uncertainties in Europe, Japan and China.

China plans rural land reform trial

AFP, *Beijing*

China will carry out a groundbreaking trial programme that may allow farmers to sell land, a senior official said Wednesday, a step towards liberalising rural real estate transactions currently monopolised by the government.

The ability to sell land is expected to accelerate China's urbanisation, a key driver of its decades-long economic boom, by enabling farmers to realise value from their assets, facilitating their move to the cities.

Under current Chinese law, all land in the country is ultimately owned by the state or by rural collectives, while farmers can retain usage rights in the countryside.

Only the government has the power to appropriate land, often with little or no compensation, and can then sell it to property developers at a huge profit, leading to widespread social resentment and frequently triggering unrest.

A total of 33 county-level areas including Beijing's Daxing district -- the site of the capital's new airport -- will suspend some regulations that ban the free trading of some non-farming land.

Slow Australian economic growth fuels rate cut expectations

AFP, *Sydney*

Australia's economy expanded slower than forecast in the last three months of 2014, data showed Wednesday, fuelling expectations the central bank will further cut interest rates to record lows.

The Australian Bureaus of Statistics said growth came in at 0.5 percent quarter on quarter in the three months to December, and 2.5 percent over the previous year.

That was below analysts' expectations of 0.7 percent quarterly growth and 2.6 percent over the year. However, it beat the revised 0.4 percent quarterly expansion in July-September.

Wednesday's figures are the latest to highlight Australia's struggle to transition from an unprecedented mining-investment boom with non-resources industries struggling to fill the gap.

Treasurer Joe Hockey told reporters "2.5 percent for the year in the face of the massive transition in the Australian economy is a good outcome. It's right on track with around about where we were expecting to be".

He added: "Australia is still performing well by international comparisons. Our economy over the past year has grown faster than the United States, Germany and obviously Japan and other key trading partners such as Hong Kong and Singapore."

The Reserve Bank of Australia cut interest rates to a new record low of 2.25 percent in February in a bid to support growth in the non-mining sectors. And while it kept them on hold Tuesday it has adopted an easing bias, cautioning that "growth is continuing at a below-trend pace, with domestic demand growth overall quite weak".

Despite growing talk of another rate cut the Australian dollar rose to 78.31 US cents after the figures were released from 78.15 cents before.

AFP

Tourists take a bus ride through the central business district of Sydney yesterday. Australia's economy remained soft in the fourth quarter of 2014 as growth continued to be driven by exports, fuelling expectations of further interest rate cuts.

While overall growth was subdued in the fourth-quarter, "some of the detail was encouraging", Barclays' chief economist for Australia Kieran Davies told AFP."We had the strongest increase in consumer spending in a few years and non-mining business investment looks to be doing a bit better," he added.

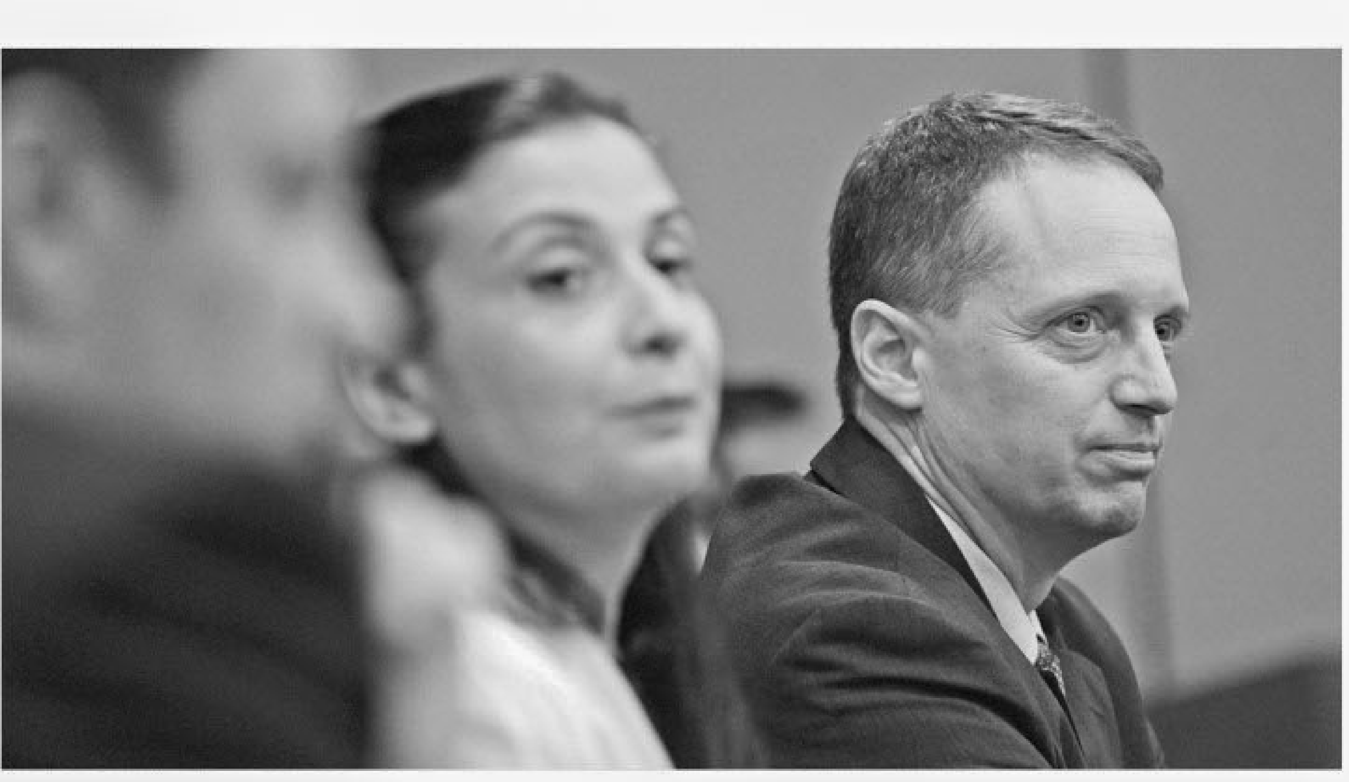
Net exports continued to support growth, expanding 0.7 percentage points for the quarter while consumer spending rose 0.6 percentage points. Business inventories weakened, falling 0.6 percentage points.

The central bank last month cut its growth forecast for this year to 2.25-3.25 percent, from a November estimate of 2.50-3.50 percent, as it warned that unemployment was likely to rise.

The jobless rate has steadily risen over the past year, jumping to a 12-year high of 6.4 percent in January, while consumer and public spending has mostly remained soft.

Economists tipped the central bank to slash the cash rate again by May, pointing to the subdued growth rates and weak consumer and business confidence.

"Going forward, the falling terms of trade will weigh on profits, wages, and public revenues, and flow through to softer consumer spending, business investment and public demand," ANZ bank's co-head of Australian economics Felicity Emmett said.



AFP

International Monetary Fund mission leader to Sri Lanka Todd Schneider (R) looks on during a press conference in Colombo yesterday.

IMF rules out fresh bailout for Sri Lanka

AFP, *Colombo*

The IMF on Wednesday ruled out a fresh bail-out for Sri Lanka, which had hoped to secure loans of more than $4.0 billion to restructure expensive debt taken on by the previous regime.

Much of the country's post-war infrastructure under the administration of former president Mahinda Rajapakse was funded with Chinese debt and the new government had hoped to retire some of those loans.

Finance Minister Ravi Karunanayake travelled to Washington last month to try to secure loans from the International Monetary Fund and the World Bank.

But IMF experts who reviewed Sri Lanka's economy during a nine-day visit said the Indian Ocean island was not facing an immediate crisis.

Delegation leader Todd Schneider said Sri Lanka's foreign reserves were comfortable compared to 2009, when it obtained a $2.6 billion bailout at the height of a civil war.

"The situation today is quite different," Schneider told reporters in Colombo. "We only provide balance of payments support."

Sri Lanka's economy is among the fastest growing in South Asia.

But the IMF last year warned the island was vulnerable to sudden external shocks due to high levels of foreign commercial borrowings.

By the middle of last year, Sri Lanka's foreign borrowings stood at $42.4 billion, up from $39.7 billion at end 2013, a figure the IMF considers high.

Qatar eyes 7pc growth in 2015 despite oil price slump

AFP, *Doha*

Qatar's economy is predicted to grow by seven per cent in 2015, as it forges ahead with huge infrastructure investment despite the slump in oil prices, leading economists said Wednesday.

The figure compares with estimated growth of 6.5 percent for 2014.

The Qatar National Bank's "Economic Insight" predicted even higher growth rates of 7.5 percent for 2016 and 7.9 percent for 2017 in the gas-rich Gulf state.

"Qatar is well-positioned to withstand the temporary decline in oil prices due to its strong macroeconomic fundamentals," the QNB report said.

"With substantial financial resources, Qatar has ample external and fiscal buffers to continue implementing its ambitious investment programme.