Japan back in recession as earthquake cuts consumption

Japan's economy, the world's third largest, has slid back into recession after the devastation caused by the earthquake and tsunami in March

Gross domestic product shrank 0.9 percent in the first three months of the year, the Cabinet Office said, giving an annualised rate of contraction of 3.7 percent. Analysts say consumption and exports were worst hit. Japan's economy has now contracted for two quarters in a row, the generally accepted definition of a recession. Japan sank into a recession during the global financial crisis, but had emerged from it in 2009.

The contraction in the first three months of this year was bigger than expected, with most analysts expecting the annualised rate would show a contraction of about 2 percent. "Japan's economy is expected to remain weak for the time being," said Japanese Economics Minister, Kaoru Yosano. However, Mr. Yosano said that supply constraints were easing and reconstruction demand was likely to spur growth. "The economy has the strength to bounce back," Mr. Yosano said.

The second biggest component of the world's third largest economy is trade. Exports made up 13.5 percent and imports 12.7 percent of gross domestic product in 2009. The massive earthquake and tsunami devastated exports, while the costs of imports rose due to high commodity prices. Japan's trade surplus fell by 34.3 percent in March compared with the same month a year ago.

Analysts say this signals that the Central Bank will stick to its ultra-loose monetary policy. The bank has pumped billions of Dollars into the financial system to stabilise the economy since the massive earthquake.

A shopper is reflected in a store window in Tokyo

The Bank of Japan is expected to keep the rates unchanged at the lowest level in a range of 0.0 percent to 0.1 percent, to help stimulate the economy.

Elderly care costs could treble

The cost of caring for the elderly could treble by 2050, according to a report by the Organisation for Economic Co-operation and Development

The body estimates that 10 percent of people in OECD countries will be more than 80 years old by 2050. That is up from 4 percent in 2010 and less than 1 percent in 1950. The OECD report said member countries are spending 1.5 percent of GDP on long term care. It predicts spending as a share of economic output will double or even triple in the next forty years.

The report said countries must face up to the challenge of caring for ageing populations. A vision of long term care was needed and that 'muddling through' was not an option. The report also warns against relying too heavily on family members.

The OECD also said there was likely to be an increased need for migrant workers.

People wait to enter a government job centre in Lisbon

Economic problems remain severe

Portugal remains gripped by its most severe economic crisis in decades

Tax hikes and spending cuts mean some families cannot afford to keep with mortgage repayments. The very poor rely on aid agencies to get hold of food. Unemployment has risen to 11 percent of the country's working population. Out-of-work Portuguese are likely to tighten their belts further, slowing economic growth in the process.

The jobless will also not be paying any income tax, shrinking what the government can collect in dues. Portugal's unemployment has hit it highest in 30 years. It jumped to 12.4 percent of the workforce in the first quarter from 10.6 percent a year ago.

The weak jobs market underscores the Lisbon government's difficulties in getting out of recession.

Portugal has just been approved for a 78bn Euro EU bailout as it is finding it increasingly difficult to sell its government bonds. Eurozone finance ministers have approved the rescue package, offering Lisbon relief from having to seek longer-term debt on markets at prohibitive rates. The first 18bn Euro tranche of bailout money should be soon available.

Portugal was the third indebted Eurozone country to seek a bailout — following Greece and Ireland — after the Socialist government collapsed in a row over austerity measures, sending the country's borrowing costs sharply higher.

Spain's city plazas rock to the sound of protests

Protesters in the Spanish capital, Madrid, have camped out in the city's central square for a fourth consecutive night

Tens of thousands defy a government ban to voice their fury over unemployment and the apparent indifference of mainstream politicians as Spain prepares for local elections.

The protesters dubbed 'the indignant' have been occupying city plazas across the country for the past five days. Madrid's Puerta del Sol rocked to sound of protest as the mainly young demonstrators expressed their desperation. Spain has the highest unemployment rate in the EU at 21 percent. The jobless total in the 18-25 age range is currently running at 45 percent.

Spanish austerity measures have reduced the public debt and kept a Eurozone bailout at bay, but has strangled economic growth.

More equitable fares needed

Rail fares in Britain should be made 'more equitable', although there should be no overall increase in prices, a government-backed review has said

Ex-Civil Aviation Authority Chairman, Sir Roy McNulty, who led the review, said tickets were 'already too high'. The cost of running the network should be 30 percent lower, bringing it in line with other European railways. He lists 10 main barriers to efficiency and makes various recommendations to deliver savings of £1bn a year by 2019, saying, "Achieving a 30 percent efficiency improvement by 2019 should be the target for the GB rail industry given the study's findings on the industry's costs compared to European railways and other industries. A reduction of this magnitude is achievable,

Passengers wait at Potters Bar rail station

and is essential if passengers and taxpayers are to get the fair deal they deserve from the rail industry."

His report will affect the rail industry in Scotland, England and Wales. The railways in Northern Ireland are fully funded by the Northern Ireland Executive.

UK rail fares are already the highest in Europe, with rail fares for season ticket holders due to go up in January 2012 by 3 percent above the RPI inflation rate. Passenger groups have also been calling for a reform of the fare structure, because trains are often empty at the end of peak hours, but busier at the beginning of the off-peak period.

Private business plane travel recovering

More business travellers are taking to the air on privately owned and chartered planes

The European air safety body Eurocontrol saw a 5.5 percent rise in private business aircraft flights in 2010, continuing into this year. That followed the slump after the financial crisis.

At the European Business Aviation Conference and Exhibition in Geneva, Thomas Flohr, Chief Executive of private aviation service VistaJet, said, "We have a number of very large corporations worldwide who need to use the service to get their executives into remote locations, negotiate their transactions and be back at the headquarters and it's that kind of efficiency which is making them buy services such as ours."

France and Germany both saw an increase in their shares of European business aviation departures last year with Britain pulling ahead of Italy, but the strongest future growth is anticipated in Asia.

Business aviation accounts for some eight percent of world flights — currently concentrated in Europe and North America.

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