



Media Report for The Tasmanian Department of Economic Development and Tourism 15 - 21 November 2008

Politics/Economy/Social

Sunday 16 November, 2008

Aso Stresses Japan's Crucial Role in Fighting Global Crisis

On 15 November, Japanese Prime Minister Taro Aso expressed Japan's resolve to play a key role in addressing the global financial turmoil while asking other leading and emerging economies including China to support Tokyo's proposal to boost the capital of the International Monetary Fund (IMF).

In a press conference after a two-day summit of the Group of 20 industrialised and developing economies in Washington, Aso said he had felt his counterparts' great expectations of Japan at the summit.

The prime minister reiterated that Japan's experience of dealing with its banking crisis in the late 1990s -- through swift and massive disposal of bad loans and the injection of public money into distressed financial institutions -- serves a good example for addressing the current crisis.

Stressing the importance of helping emerging and small economies weather the worldwide credit turmoil, Aso underscored the need to boost the capital of the IMF.

Tokyo has specifically proposed that the funding nations of the IMF double their contributions to US\$640 billion from the current US\$320 billion.

(Summary from Nikkei Net Interactive)

Wednesday 19 November, 2008

Australia to Spend 18.6 Billion JPY on Infrastructure Development

Australian Prime Minister Kevin Rudd announced on 18 November that the Australian Government would allocate A\$300 million for the development of infrastructure, including libraries, sports facilities and walkways, in an attempt to reinvigorate local economies. The initiative is part of the Government's measures to stimulate the domestic economy, which has

been weakening in the wake of the global financial downturn. The package will raise the total Government spending on propping up the economy after mid-October to A\$17.9 billion.

(Summary translation from Nihon Keizai Shimbun morning edition, Page 9)

Industry/Market – Australia

Wednesday 19 November, 2008

Australian Coca-Cola Unit Turns Down Kirin's Takeover Offer

Australian firm Coca-Cola Amatil has rejected a takeover proposal from Kirin Holdings' subsidiary Lion Nathan.

Coca-Cola Amatil said the offer price of roughly A\$8 billion, or about 498.5 billion JPY, does not reflect its value.

Kirin plans to "continue negotiations to gain understanding," according to a company official, and thus is expected to consider sweetening its bid through such means as raising the offer price.

(Summary translation from Nihon Keizai Shimbun morning edition, Page 11)

Industry/Market/Trends – Japan

Thursday 20 November, 2008

Seven & i to Enter Home Centre Business

In a bid to create a new revenue stream and counter flagging sales at its general supermarkets, Seven & i Holdings is expanding into the home centre business.

Seven & i plans to open its first Seven Home Centre store on 28 November by converting the second floor of an Ito-Yokado supermarket in Katsushika, Tokyo. Seven & i Holdings owns the Ito-Yokado chain.

The centre is expected to sell a total of 50,000 items, ranging from tools, nails and various other do-it-yourself items to gardening and pet products. It will also offer home repair services. The first floor will continue operating as an Ito-Yokado store, but with a focus on food.

By reducing advertising and relying heavily on part-timers, Seven & i plans to achieve low operating costs for the business. The company hopes its first home centre will record 2.1 billion JPY in sales in the first year.

The company plans to add several home centers in the year ending 28 February, 2010, by converting sections of existing Ito-Yokado supermarkets. These supermarkets will also continue to sell food products.

The firm is also considering opening new home centers by combining them with discount stores. Most home centres are located in the suburbs, but Seven & i Holdings aims to open its home supply shops in urban areas.

(Summary translation from Nihon Keizai Shimbun morning edition)

Friday 21 November, 2008

Itochu, Marubeni Active in M&As, Other Trading Firms Cautious

Leveraging record profits stemming from the recent natural resources boom, Itochu and Marubeni have been actively engaging in merger and acquisition activities, but other major trading companies have refrained due to the global financial crisis.

Itochu said on 20 November that it will invest 70 billion yen to acquire a 20% stake in major Chinese processed food company Ting Hsin Group. The Processed food market in China is five times larger than Japan's, accounting for more than 100 trillion yen a year. Itochu has been stepping up efforts to tap this giant market by participating in a wide range of food related businesses, from ingredients and food processing to distribution and sales. In line with this strategy, it tied up with major Chinese grain importer Cofco in August.

Itochu also took an interest in a Brazilian iron ore miner in October as part of a business consortium.

"Now is a great time to make large investments," says President Eizo Kobayashi. As equity funds and financial firms rush to sell assets and raise cash, trading houses may emerge as among the few remaining active investors.

Marubeni is also taking a bullish stance on M&As. They spent 82 billion yen in September to acquire a Singaporean power utility. President Teruo Asada says the company has no intention of scaling back plans to invest 600 billion yen over the two-year period ending 31 March, 2010.

With windfalls from high natural resources prices, Mitsubishi Corporation has ample funds to spread around, but has not made any significant investments since summer. The firm had intended to invest 1.5 trillion yen in fiscal 2008 and 2009, or 1.5 times the projected 1 trillion yen increase in its capital base over the two year period. However, its capital base is now forecast to decrease due to the stock market slump. As a result, Mitsubishi "has no choice but cut down investments drastically," according to an official.

Mitsui & Co. is sticking by its original plan to invest 700 billion yen this fiscal year. However, the company has not made any new investments recently because it aims to break even in its free cash flow.

(Summary from Nikkei Net Interactive)

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