

Japan's Economy Grew 4.1 Percent Amid Recovery

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TOKYO (AP) — Japan's economy grew an at annual rate of 4.1 percent in the first quarter amid a gradual recovery from last year's catastrophic earthquake and tsunami.

The Cabinet Office said Thursday that the preliminary growth figures showed that a rebound in consumer spending was lifting the world's third-biggest economy.

After the March 11 disaster last year, many Japanese were in mourning and stayed away from stores, theaters and pubs. That compounded the damage from disruptions to manufacturing in northeastern Japan, where many auto and electronics plants ground to a halt, and other parts of the country.

The latest data showed that private consumption grew at an annual rate of 4.4 percent. Consumer spending makes up more than half of Japan's economy.

"The numbers show a solid Japanese economic recovery," said Satoshi Osanai, economist at Daiwa Institute of Research in Tokyo.

Consumer spending got a significant lift from government subsidies for green vehicles that sent buyers to dealerships for hybrids and other fuel-efficient models.

But prospects remained uncertain for the current quarter because of fears about the European economy and other factors that could crimp expansion.

"Economic growth is likely to slow down and could head into a contraction," said Osanai.

Also robust was public investment at 23.6 percent, reflecting reconstruction spending on housing and other building work in the devastated northeastern region.

Japan's economy grew 1.0 percent in the quarter ended March from the October-December 2011 quarter. That was better than the 0.7 percent projected by analysts in Japan, and translates to a 4.1 percent expansion in annualized terms.

The latest growth marks a third straight quarter of growth, although still at fragile rates. The economy was virtually flat October-December but did not shrink.

Corporate spending was weak during the January-March period, shrinking 3.9 percent from the previous quarter, or an annualized rate of 14.8 percent.

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