Revised figures indicated growth of just 0.1% - and a similar-sized contraction in the previous quarter. On an annual basis, the data suggests annual growth of just 0.2%, suggesting a much more hesitant recovery than had previously been thought. A common technical definition of a recession is two successive quarters of negative growth.

The government was keen to play down the worrying implications of the data. "I maintain the view that Japan's economy remains in a minor adjustment phase in an upward climb, and we will monitor developments carefully," said economy minister Heizo Takenaka. But in the face of the strengthening yen making exports less competitive and indications of weakening economic conditions ahead, observers were less sanguine. "It's painting a picture of a recovery... much patchier than previously thought," said Paul Sheard, economist at Lehman Brothers in Tokyo. Improvements in the job market apparently have yet to feed through to domestic demand, with private consumption up just 0.2% in the third quarter.

According to Labor Department figures, US firms added only 146,000 jobs in January. The gain in non-farm payrolls was below market expectations of 190,000 new jobs. Nevertheless it was enough to push down the unemployment rate to 5.2%, its lowest level since September 2001. The job gains mean that President Bush can celebrate - albeit by a very fine margin - a net growth in jobs in the US economy in his first term in office. He presided over a net fall in jobs up to last November's Presidential election - the first President to do so since Herbert Hoover. As a result, job creation became a key issue in last year's election. However, when adding December and January's figures, the administration's first term jobs record ended in positive territory.

Analysts said the growth in new jobs was not as strong as could be expected given the favourable economic conditions. "It suggests that employment is continuing to expand at a moderate pace," said Rick Egelton, deputy chief economist at BMO Financial Group. "We are not getting the boost to employment that we would have got given the low value of the dollar and the still relatively low interest rate environment." "The economy is producing a moderate but not a satisfying amount of job growth," said Ken Mayland, president of ClearView Economics. "That means there are a limited number of new opportunities for workers."

In London on Thursday ahead of the meeting, India's finance minister, lashed out at the restrictive trade policies of the G7 nations. He objected to subsidies on agriculture that make it hard for developing nations like India to compete. He also called for reform of the United Nations, the World Bank and the IMF.

Palaniappan Chidambaram, India's finance minister, argued that these organisations need to take into account the changing world order, given India and China's integration into the global economy. He said the issue is not globalisation but "the terms of engagement in globalisation." Mr Chidambaram is attending the G7 meeting as part of the G20 group of nations, which account for two thirds of the world's population. At a conference on developing enterprise hosted by UK finance minister Gordon Brown on Friday, he said that he was in favour of floating exchange rates because they help countries cope with economic shocks. "A flexible exchange rate is one more channel for absorbing both positive and negative shocks," he told the conference. India, along with China, Brazil, South Africa and Russia, has been invited to take part in the G7 meeting taking place in London on Friday and Saturday. China is expected to face renewed pressure to abandon its fixed exchange rate, which G7 nations, in particular the US, have blamed for a surge in cheap Chinese exports. "Some countries have tried to use fixed exchange rates. I do not wish to make any judgements," Mr Chidambaram said. Separately, the IMF warned on Thursday that India's budget deficit was too large and would hamper the country's economic growth, which it forecast to be around 6.5% in the year to March 2005. In the year to March 2004, the Indian economy grew by 8.5%.

In 2003, crop production totalled 11.49 million tonnes, the joint report from the Food and Agriculture Organisation and the World Food Programme said. Good rains, increased use of fertilizers and improved seeds contributed to the rise in production. Nevertheless, 2.2 million Ethiopians will still need emergency assistance.

The report calculated emergency food requirements for 2005 to be 387,500 tonnes. On top of that, 89,000 tonnes of fortified blended food and vegetable oil for "targeted supplementary food distributions for a survival programme for children under five and pregnant and lactating women" will be needed.

In eastern and southern Ethiopia, a prolonged drought has killed crops and drained wells. Last year, a total of 965,000 tonnes of food assistance was needed to help seven million Ethiopians. The Food and Agriculture Organisation (FAO) recommend that the food assistance is bought locally. "Local purchase of cereals for food assistance programmes is recommended as far as possible, so as to assist domestic markets and farmers," said Henri Josserand, chief of FAO's Global Information and Early Warning System. Agriculture is the main economic activity in Ethiopia, representing 45% of gross domestic product. About 80% of Ethiopians depend directly or indirectly on agriculture.

The demand for $280bn (£155bn) - filed by the Clinton administration in 1999 - was rejected in a 2-1 decision. The court in Washington found that the case could not be brought under federal anti-racketeering laws. Among the accused were Altria Group, RJ Reynolds Tobacco, Lorillard Tobacco, Liggett Group and Brown and Williamson. In its case, the government claimed tobacco firms manipulated nicotine levels to increase addiction, targeted teenagers with multi-billion dollar advertising campaigns, lied about the dangers of smoking and ignored research to the contrary.

Prosecutors wanted the cigarette firms to surrender $280bn in profits accumulated over the past 50 years and impose tougher rules on marketing their products. But the Court of Appeals for the District of Columbia ruled that the US government could not sue the firms under legislation drawn up to counteract Mafia infiltration of business. The tobacco companies deny that they illegally conspired to promote smoking and defraud the public. They also say they have already met many of the government's demands in a landmark $206bn settlement reached with 46 states in 1998. Shares of tobacco companies closed higher after the ruling, with Altria rising 5% and Reynolds showing gains of 4.5%.

The firm's revenue nearly tripled in the fourth quarter of 2004, exceeding $86m (£46m). Ask Jeeves, once among the best-known names on the web, is now a relatively modest player. Its $17m profit for the quarter was dwarfed by the $204m announced by rival Google earlier in the week. During the same quarter, Yahoo earned $187m, again tipping a resurgence in online advertising.

The trend has taken hold relatively quickly. Late last year, marketing company Doubleclick, one of the leading providers of online advertising, warned that some or all of its business would have to be put up for sale. But on Thursday, it announced that a sharp turnaround had brought about an unexpected increase in profits. Neither Ask Jeeves nor Doubleclick thrilled investors with their profit news, however. In both cases, their shares fell by some 4%. Analysts attributed the falls to excessive expectations in some quarters, fuelled by the dramatic outperformance of Google on Tuesday.