

BUSINESS

IMF sees 4.5pc growth in Central Asia, Caucasus

Reuters | Tbilisi

Economies in the Caucasus and Central Asia (CCA) will expand by an overall 4.5 per cent in both 2019 and 2020 despite global trade tensions and slowing growth in key trading partners, the International Monetary Fund said yesterday.

The IMF called on the former Soviet republics to improve competitiveness, use their natural advantages more effectively and diversify their economies to reap the gains from trade and integration into global value chains.

The Fund's report covers the Caucasus nations of Armenia, Azerbaijan and Georgia, and the Central Asian states of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan.



"Despite weaker trade, overall growth for the CCA region is expected to remain about 4.5% in 2019-20, largely owing to a looser fiscal stance and private sector credit growth," it said.

Juha Kahkonen, deputy director of the IMF's Middle East and

Central Asia Department, told Reuters the big challenge for CCA states was to create jobs and adopt reforms to spur activity.

"Current growth rates are not bad from a global perspective, but countries should not be satisfied with this," he said.



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JUHA KAHKONEN, DEPUTY DIRECTOR OF THE IMF'S MIDDLE EAST AND CENTRAL ASIA DEPARTMENT

External risks include trade tensions, a global slowdown, lower commodity prices and rising geopolitical risks, the Fund said, while domestic risks include slowing reform momentum.

Azerbaijan, Kazakhstan and

Turkmenistan are energy exporters while Armenia, Georgia, Kyrgyzstan, Tajikistan and Uzbekistan import all or most of their oil and gas.

Common and different challenges

"There is a need to diversify, make the economy more reliant on private sector activity and also the banking sector has not been reformed," Kahkonen said of Azerbaijan.

He said private sector credit had stabilised after years of decline, but that "banks are not really in good shape to support private sector activity".

In Kazakhstan, too, there "needs to be a supply of bankable projects, the government needs to have policies to diversify the economy and make sure that the private sector is an engine of

growth," Kahkonen added.

Kazakh banks meanwhile "need to have a new business model".

The IMF official praised reforms in Armenia, which has the fastest growth in the region, and Georgia's favorable business climate.

He said the Fund's programme in Tajikistan, the poorest CCA country, was on hold as the government was not ready to commit to policies needed support it, including banking sector reform, moving to a flexible exchange rate and fiscal prudence.

Recent Uzbek economic reforms were a positive development, Kahkonen said, adding: "Once it's clear that the reforms are cemented and are there to stay, there would be a tremendous interest ... but there is a long way to go."

Carrefour to sell off Rue du Commerce online site

Reuters

French supermarket retailer Carrefour is in talks to sell its Rue du Commerce online shopping site to French e-commerce venture Shopinvest, as it refocuses its online sales strategy on food rather than electronics.

Carrefour said on Friday that it had received a firm offer from Shopinvest for Rue du Commerce. Carrefour, which bought the Rue du Commerce site back in 2015, did not disclose any financial details.

EU establishes standalone border force

Brussels

The EU yesterday formally established its first standalone border force, boosting the Frontex service with a new permanent corps that will number 10,000 officers by 2027.

The adoption by EU member states means Frontex -- the border and coast guard agency for the bloc's Schengen area -- will have personnel wearing its uniform and on its payroll who can be deployed to the EU's external borders to handle crises or general management.

Sudan needs up to \$5bn to prevent collapse

Reuters | Khartoum

Sudan needs up to \$5 billion in budget support to avert economic collapse and launch reforms after the ouster of veteran ruler Omar al-Bashir, its finance minister said.

The country, in crisis since losing most of its oil wealth with South Sudan's secession in 2011, has only enough foreign currency reserves to fund imports for a few weeks, said Ibrahim Elbadawi, part of a transitional government formed in August.

Sudan has had some support for fuel and wheat imports but about 65 percent of its 44 million people live in poverty and it needs up to \$2 billion in development funding along with a hoped-for \$2 billion from Arab development funds, he said.

Outlining reform plans in detail for the first time, Elbadawi said public salaries would need to be increased and a social support network established to prepare for the painful removal of fuel and food subsidies.

"We have started the process (of reforms)," Elbadawi said in an interview on Thursday. "The people of Sudan deserve to be seen in a radically different prism than the international community used to see Sudan, as a country ruled by a pariah state."

The civilian government Elbadawi is part of has taken over for three years under a



Sudan's Finance Minister Ibrahim Elbadawi

power-sharing deal with the military. It has drawn slightly more than half of \$3 billion in support for imports of wheat and fuel offered by Saudi Arabia and United Arab Emirates in April, he said.

A "friends of Sudan" donor meeting is planned for December and the government had agreed with the United States it could start engaging with international institutions while still on a list of countries deemed sponsors of terrorism, Elbadawi said. The designation, which dates from allegations in 1993 that Bashir's Islamist government supported terrorism, makes it technically ineligible for debt relief and financing from the IMF and World Bank.

Stocks retreat as investors cash in on trade hope gains

London

Stock markets mostly retreated yesterday on profit-taking at the end of a largely positive week for equities thanks to US-China trade talk hopes.

News that Beijing had agreed a deal with Washington to start removing tariffs should negotiations progress had fired Wall Street to fresh record highs on Thursday which it consolidated in early trading Friday.

The announcement has fanned hopes that the world's economic superpowers -- who are currently finalising a mini trade pact as part of a wider deal -- can resolve their long-running tariffs war that has hobbled the global growth outlook.

Yesterday, the White House trade advisor said that President Donald Trump could postpone tariffs on Chinese goods scheduled to take effect in December.

"It's been a solid week of gains for global equity markets against a backdrop of a vast improvement in investor sentiment, about the prospects for a resolution and thaw in US, China trade relations," said Michael Hewson, chief market analyst at CMC Markets UK.

He cautioned, however, "as we have been here before, only to find that both sides have stepped back due to concerns that they may be perceived as

Key figures around 1435 GMT

London - FTSE 100:	▼ 0.5 pc at 7,371.24 points
Frankfurt - DAX 30:	▼ 0.4 pc at 13,240.79
Paris - CAC 40:	▼ 0.2 pc at 5,878.11
EURO STOXX 50:	▼ 0.2 pc at 3,697.84
New York - Dow:	▲ at 27,670.11
Tokyo - Nikkei 225:	▲ 0.3 pc at 23,391.87 (close)
Hong Kong - Hang Seng:	▼ 0.7 pc at 27,651.14 (close)
Shanghai - Composite:	▼ 0.5 pc at 2,964.18 (close)
Dollar/yen:	▲ at 109.32 yen from 109.28 yen
Pound/dollar:	▼ at \$1.2811 from \$1.2817
Brent North Sea crude:	▼ 1.9 pc at \$61.08 per barrel
West Texas Intermediate:	▼ 1.8 pc at \$56.13 per barrel



Traders work after the opening bell at the New York Stock Exchange (NYSE)

having given too much away".

Nevertheless, the latest development eased worries about the negotiations caused by reports that a hoped-for signing ceremony this month between Trump and his Chinese counterpart Xi Jinping could be delayed until December.

In Asia, Hong Kong closed down 0.7 pc following a six-day advance, while dealers in the city were bracing for a fresh

weekend of protests after the death of a student.

Shanghai gave up 0.5 pc after data showed Chinese exports and imports fell again last month, though not as quickly as expected.

Wall Street opened steady, with analysts saying trade optimism and a better-than-feared earnings season stopped many investors from aggressively taking profits.

EasyJet, Jet2.com buy Thomas Cook's UK airport slots

Reuters | London

British budget airlines easyJet and Jet2.com have bought the take-off and landing slots of failed travel company Thomas Cook at London Gatwick and Manchester airports, respectively.

Thomas Cook's UK business and airline went into immediate insolvency



An EasyJet passenger aircraft

when the company collapsed in September, and a court appointed an official receiver to liquidate its assets.

EasyJet bought Thomas Cook's slots at London Gatwick and Bristol airports for 36 million pounds, while Jet2.com, owned by Dart Group, bought slots at Manchester, Birmingham and Stansted for an undisclosed price.

London Gatwick and Manchester had been Thomas Cook's main UK bases, and the liquidators have now sold all the available slots in Thomas Cook's UK portfolio.

EasyJet acquired 12 of summer slot pairs and 8 winter slot pairs at Gatwick, plus six summer slot pairs and one winter slot pair at Bris-

tol, in the deal. The airline added that contractual terms had been concluded.

Last month Hays Travel bought Thomas Cook's network of British travel agent shops, while China's Fosun, which had been the largest shareholder of the group, bought the Thomas Cook brand last week.