business

Emirates denies plans to take over Abu Dhabi carrier Etihad

AFP | Dubai, United Arab Emirates

Dubai's Emirates Airline yesterday denied reports it is in talks to acquire struggling Abu Dhabi carrier Etihad.

Bloomberg News reported state-owned Emirates, the leading airline in the Middle East, was in "preliminary" talks to take over Etihad -- a move that would potentially create the world's largest airline in terms of passenger traffic.

When contacted, Emirates and Etihad denied the report, with spokespeople for both airlines saying there was no truth to the "rumour".

Etihad Airlines, based in Abu Dhabi, has battled to break even. The company announced losses of $1.87 billion last year, linked to its partial purchase of Alitalia.

Emirates in May reported its net profits had more than doubled in 2017, linked mainly to a rise in cargo as well as the layoff of some 3,000 employees.

Norway hikes rate after seven years

Oslo, Norway

Norway raised its key interest rate for the first time in seven years on Thursday, as its economy recovers from years of weak oil prices and the ramifications of the 2008 financial crisis. The central bank raised its key rate by 0.25 points to 0.75 per cent, and said a second hike was due again soon.

"The executive board's current assessment of the outlook and balance of risks suggests that the key policy rate will most likely be increased further in the first quarter of 2019," central bank governor Oystein Olsen said in a statement.

The rate has been at a record low since March 2016, following the 2008 financial crisis and plunging prices for oil and gas.

Turkey projects lower growth, high inflation

- The economy projected to expand by 3.8pc in 2018
- Inflation, meanwhile, would balloon to 20.8pc at the end of 2018

Istanbul, Turkey

Turkey, which was last month buffeted by its worst currency crisis in recent years, yesterday forecast sharply lower growth coupled with persistently high inflation in its new medium-term economic programme.

The economy, which grew by 7.4 per cent in 2017, would expand by just 3.8pc in 2018 and then 2.3pc in 2019, according to figures unveiled at a presentation in Istanbul by Finance Minister Berat Albayrak.

Inflation, meanwhile, would balloon to 20.8pc at the end of 2018, moderating only slightly to 15.9pc in 2019, the figures showed.

Finance Minister Berat Albayrak

> "New Economic Programme" would be based on the three principles of "balancing, discipline, and change".
>
> ALBAYRAK, SON-IN-LAW OF ERDOGAN

For 2020 and 2021, the forecasts were more optimistic, with growth seen at 3.5pc and 5.0pc, respectively, while inflation is seen moderating finally to a single digit 9.8pc in 2020 and then a year later to 6.0pc.

Albayrak, who is a son-in-law of President Recep Tayyip Erdogan, said what he termed the "New Economic Programme" would be based on the three principles of "balancing, discipline, and change".

"Our aim is to write a new success story," he said.

Greater economic prosperity has been one of the pillars of Erdogan's popularity in his over 15 years in power, with the country seeing impressive growth rates in consecutive years.

However economists have warned that the all-out push for growth has led to a potentially dangerous overheating, with inflation rampant, the currency account deficit widening and doubts over the health of the banking system.

These fault lines were exposed in August when a diplomatic spat with the United States caused a crash in the value of the lira, sparking fears of a full-blown economic crisis.

Albayrak said that in 2019 projects whose tender had not been carried out would be "suspended" and vowed Turkey would create two million new job opportunities by 2021.

"We will realise a programme to totally fight against inflation," Albayrak said, highlighting food inflation which has particularly worried Turks.

US jobless claims hit 48-year low

Washington, United States

New US claims for jobless benefits fell for the third week in a row, hitting their lowest level in nearly 49 years for the third straight week, the Labor Department reported Thursday.

The new figures suggest the US economy's vigorous job creation continued unabated this month as the data were collected during the survey week for the department's more closely watched monthly jobs report, due out next week.

Amid a widely reported labor shortage, employers are reluctant to lay off workers who are difficult to replace.

For the week ended September 12, new claims for unemployment insurance fell to 201,000, down 3,000 from the prior week. Economists had instead been expecting a result of 209,000.

The result was the lowest level since November of 1969, whereas the prior week's level had been the lowest since December 1969.

However, economists say that in reality the levels are likely the lowest ever, given demographic changes in the United States in the past half century.

Claims have now held below the symbolic level of 300,000 for more than 3.5 years, the longest such streak ever recorded.

Indonesia halts new palm oil plantation development

Jakarta, Indonesia

Indonesia's president has signed a moratorium on all new palm oil plantation development, an official said yesterday, in a move hailed by environmentalists.

The moratorium effectively halts any new land being made available for plantations in the world's top producer of the edible vegetable oil, a key ingredient in many everyday goods, from biscuits to shampoo and make-up.

President Joko Widodo signed the instruction, which will last three years, on Wednesday, Prabianto Mukti Wibowo, a deputy minister at the Coordinating Ministry for Economic Affairs, told AFP.

"(The moratorium) is to improve the governance of sustainable palm oil plantations, provide legal certainty, increase the productivity of smallholder palm oil plantations, maintain environmental sustainability and contribute to the reduction in greenhouse gases," he told AFP in a WhatsApp message.

Plantations on Sumatra island, Papua and the Indonesian part of Borneo have expanded in recent years as demand for palm oil has skyrocketed, bringing huge profits to companies and healthy tax revenues to the government.

But the rapid growth has been blamed for the destruction of tropical forests that are home to many endangered species, and forest fires that occur every year during the dry season due to illegal slash-and-burn clearance. The Indonesian Forum for the Environment, Walhi, welcomed the moratorium.

"The presidential instruction is a good first step in restructuring natural resource management, especially in the palm oil sector," it said in a statement, adding ideally it would be in place for 25 years.

The moratorium was first proposed in 2015, following devastating blazes that cloaked large stretches of Southeast Asia in toxic smog for weeks.

Volkswagen won't confirm claim it will quit Iran

AFP | Frankfurt am Main, Germany

Car giant Volkswagen declined yesterday to confirm a claim by American ambassador to Germany Richard Grenell that it would stop doing business in Iran.

Grenell -- known for stirring up controversy in his host country with public sallies on business and politics -- told Bloomberg News VW would wind up most business with Iran after weeks of talks with President Donald Trump's administration.

The German behemoth had announced in July 2017 that it would begin selling its own-brand cars in Iran for the first time in 17 years.

A spokesman for the Wolfsburg-based carmaker said it was sticking to its long-standing position that it "obeys all national and international laws as well as export regulations".

"We are also taking into account possible effects related to the reintroduction of US sanctions," he added. A source familiar with the talks said that VW and the US government had not yet reached a final accord.

Richard Grenell meets with President Trump in Oval Office (Courtesy of German Pulse)

Even if it fully complies with US sanctions, VW will still be able to do some business in Iran under a "humanitarian exception", *Bloomberg* reported.

In May, Trump pulled the US out of the deal it reached with Iran and five other countries in 2015. That accord lifted sanctions against Tehran in exchange for restrictions on its nuclear programme. Now, the US is reimposing those sanctions, and Grenell has this month tweeted to celebrate chemicals heavyweight BASF and reinsurance giant Munich Re saying they would comply with the trade squeeze.

A spokesman for BASF said that it "will continue to do business in Iran and obey all legal rules and regulations."

He added that "around half" the $93.5 million in revenue BASF earned in Iran last year came from sectors -- energy, automobiles and petrochemicals -- affected by American sanctions.