

International Business News

India's Jet Airways reports loss, shares plummet

AFP, Mumbai

Jet Airways, India's second-biggest domestic airline, reported Tuesday a second-quarter net loss blamed on low air traffic, a strike by pilots and overcapacity.

The airline posted a net loss of 4.06 billion rupees (88 million dollars) for the quarter ending September, from a loss of 3.84 billion rupees a year earlier.

Jet shares fell 36.4 rupees or 9.05 percent to 365.8 on the Mumbai stock exchange on Tuesday.

"The company suffered losses mainly from lower yields, due to intense competition and overcapacity," Jet executive director Saroj Dutta said in a statement to the Mumbai stock exchange.

Revenues for the quarter fell 25 percent to 23.2 billion rupees.

Jet said disruptions in September due to a pilots' strike also contributed to the losses.

Jet's pilots went on a five-day walk-out, taking mass sick leave after the management sacked two senior pilots for setting up an unrecognised trade union.

Thousands of Jet customers were forced to change their travel plans in one of the biggest aviation disruptions in India in recent years, affecting hundreds of domestic and international services.

World's biggest cruise ship offers activity extravaganza

AFP, Helsinki

The world's biggest and most expensive cruise ship ever built, Oasis of the Seas, is to be handed over to the Royal Caribbean cruise line today at the Finnish shipyard where it was constructed.

At a cost of some 900 million euros (1.3 billion dollars), the mammoth vessel offers a world of luxury and a plethora of on-board activities for its 6,360 passengers and 2,000 crew.

STX Finland, a subsidiary of South Korean shipbuilder STX, will hand over the vessel to the US-based cruise company at a ceremony in Turku today, and the ship will set sail on its four-night maiden voyage from the US port of Fort Lauderdale to Haiti on December 1.

Royal Caribbean has called the ship its "most innovative and imaginative ship yet, (where) entertainment areas have become neighborhoods at sea."

Catering to the traditional older crowd of cruise ship travellers as well as to young families, the Oasis of the Seas aims to be more of an activity centre than a traditional cruise ship that merely sails from port to port.



Employees for Japanese eyewear maker Volks display toy sunglasses designed with a "2010" logo to celebrate the next year at the annual "International Optical Fair Tokyo" (IOFT 2009) yesterday. Over 500 Japanese and foreign optical makers were to exhibit their latest products at Asia's largest eyewear trade show on October 27-29.

Dollar world's strongest currency: Japan minister

AFP, Tokyo

Japan's finance minister said Tuesday that the dollar was still the world's strongest currency and it was natural for Tokyo to keep large stockpiles of the greenback.

"It is clear that the dollar is still the world's strongest currency," Finance Minister Hirohisa Fujii said at a press conference.

"It is a matter of course that the country keeps its foreign exchange reserves in a strong currency."

This in turn "also supports the dollar," he added.

Japan has the world's second-largest forex reserves after China. Tokyo gives no breakdown of the currencies, but most are believed to be held in dollars as a result of past intervention to sell the yen against the greenback.

Fujii said countries should not seek to artificially weaken their currencies to boost the competitiveness of their exports, but also reiterated that he was not necessarily in favour of a stronger yen.

China's overseas investment nearly triples in Q3

AFP, Beijing

China's overseas investment in non-financial sectors nearly tripled in the third quarter from the same period last year, the government said Tuesday, as the Asian giant rebounded from the global crisis.

Investment in mining, manufacturing and other non-financial sectors reached 20.5 billion dollars from July to September, up 190.4 percent on-year, the commerce ministry said in a statement on its website.

That compared with a total of 32.9 billion dollars pumped into overseas non-financial sectors in the first nine months of 2009, an increase of 0.5 percent on the same period a year ago, it said.

US ECONOMY

Recession may be over, not job losses

AP, Washington

It's about to become official: The recession is over -- but not the pain.

The government will release figures this week expected to show that the economy has awakened from its deepest slump since the 1930s and is in the early stages of a recovery. But the following week, the government will issue another set of figures expected to show unemployment continuing to rise toward and possibly above a clearly recessionary 10 percent.

How can both be possible? The government releases third-quarter Gross Domestic Product figures on Thursday. Many forecasters say they will show GDP growing at an annual rate of about 3 percent, validating a widely held belief among economists that the recession ended in June or July.

But try telling that to the more than 15 million still unemployed, the small businesses and individuals who can't get loans and the people whose homes are worth less than their mortgages.

Assertions by government and private economists that the recession is over -- issued amid graphic examples of continuing wide distress -- are raising fresh questions about economic scorekeeping.

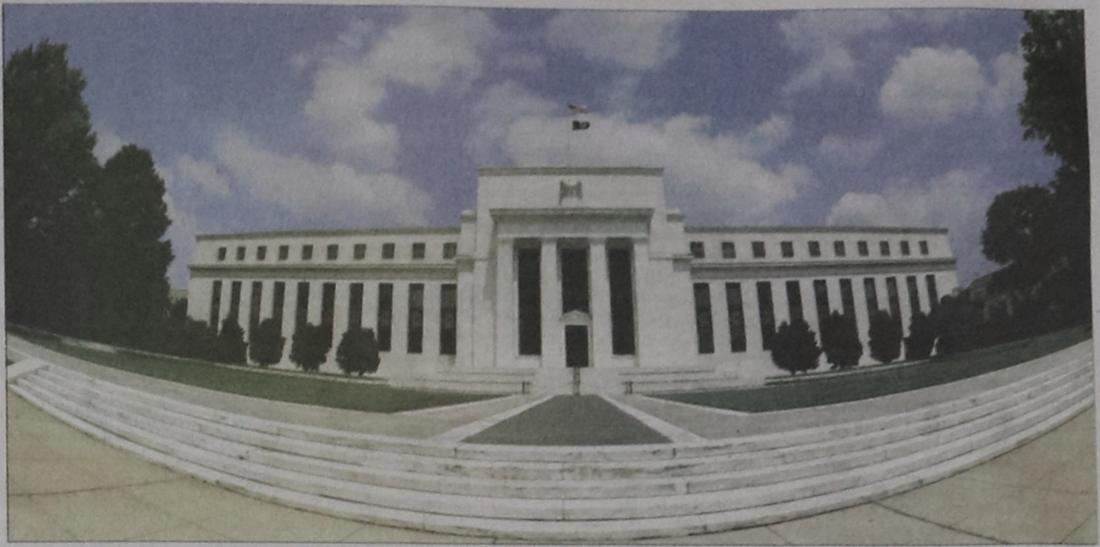
The national recession may be technically over, but the state of the economy remains in the eyes of the beholder.

Or, as Ronald Reagan liked to say, a recession is when your neighbour loses his or her job. Depression is when you lose yours.

A survey of economic forecasters prepared by Blue Chip Economic Indicators, a research organization, predicted GDP growth to remain positive in each quarter through the end of 2010. In a survey by the National Association of Business Economists, 34 of 43 economists polled said the recession is over.

"From a technical perspective, the recession is very likely over," said Federal Reserve Chairman Ben Bernanke.

"A recession that showed no signs of ending last January appears to be firmly entering the recovery phase," said Christina



The US Federal Reserve building is seen on July 30 in Washington, DC. Fed Chairman Ben Bernanke said the recession is very likely over. Although US economy is showing some signs of recovery, its unemployment rate may continue to rise.

Romer, the chair of the White House Council of Economic Advisers.

But nobody is sugar coating the statistics, especially in the administration, which agrees with private surveys suggesting that unemployment will hover near 10 percent through most of next year.

"Even when you've turned the corner, you have so much work to do," Romer told Congress' Joint Economics Committee.

And while she credited much of the turnaround to government stimulus measures and moves by the Fed, she said "by mid-2010, fiscal stimulus will be contributing little to further growth."

The economy has lost 7.2 million jobs since the recession began in December 2007, 3.4 million of them since President Barack Obama took office in January.

James K. Galbraith, an economist at the University of Texas at Austin, suggests too much attention is given to when recessions technically begin and not enough to other measures of the economy.

"It's just a word. A recession technically lasts during negative quarters. But that doesn't mean you're back to prosperity once you

have positive growth. You're back to prosperity when the unemployment rate is back around 4 percent," Galbraith said. And that, he said, could take years.

A recession is popularly defined as two or more consecutive quarters of negative economic growth, or declining output.

But a more refined determination is made by the National Bureau of Economic Research, a private group of leading economists charged with dating the start and end of economic downturns. It not only looks at GDP but at employment levels, real personal income, industrial production and wholesale and retail sales.

It put the start date at December 2007 and has not yet called an end.

There have been 11 recessions since World War II. In the two most recent ones, job growth lagged long after the recessions were deemed over. In the most recent two -- July 1990-March 1991 and March-November 2001 -- the unemployment rate did not fall to pre-recession levels for several years.

After the eight-month 2001 recession, the unemployment rate went from a pre-recession 4 per-

cent in 2000 to 4.8 percent in 2001. Then it kept climbing even higher to 5.8 percent in 2002 to 6 percent in 2003. It didn't return to under 5 percent until 2006, when it fell to 4.6 percent.

While there are clear signs of recovery, it is uneven.

Stocks have surged about 50 percent since their March lows. And a year after Washington rescued the financial industry, some large banks and Wall Street firms have roared back to profitability.

But smaller banks and other businesses are struggling, and many have failed or are failing.

That disconnect sparked anger among the public and led to sweeping government action last week to limit executive compensation at financial firms that accepted federal bailout money.

"While credit may be more available for large businesses, too many small business owners are still struggling to get the credit they need," Obama said in his weekly radio and Internet address.

"These are the very taxpayers who stood by America's banks in a crisis -- and now it's time for our banks to stand by creditworthy small businesses, and make the loans they need to open their

doors, grow their operations and create new jobs."

There have been modest improvements in manufacturing and other parts of the non-financial business sector, yet lingering signs of weakness in commercial real estate and retail spending.

Economists suggest some of the expected increase in economic growth is a bounce off the bottom. They attribute it to government stimulus spending, including the now-expired Cash for Clunkers program; accommodative Fed monetary policies and widespread cost-cutting by companies.

Many companies let inventories run down so much that when they ran out, orders picked up. Home resales ticked up as buyers scrambled to complete their purchases before a tax credit for first-time owners expires. And U.S. exporters have benefited from a relentless decline of the dollar that has made U.S. goods cheaper and more competitive overseas.

But none of this adds up to a sustainable upswing.

"Absent robust job growth, it is not a true economic recovery," said White House economic adviser Jared Bernstein.

HOSPITALITY

Shanghai luxury hotel market heats up

AFP, Shanghai

The world's leading luxury hotels are rushing to expand in Shanghai ahead of next year's World Expo, with hopes high for the upscale travel sector in the Chinese financial hub despite the global downturn.

The opulent Peninsula, the only new building on the main part of Shanghai's historic Bund in 60 years, just opened, embracing the city's Jazz Age heyday with a chauffeur-driven 1934 Rolls Royce Phantom and a Great Gatsby-esque pool.

The Peninsula's owner, Hongkong and Shanghai Hotels Limited, is making a return to the "Paris of the East" where it was founded after a 60-year absence, but it is facing stiff competition.

Ritz Carlton is building a second hotel here, Hyatt already has three landmark properties and Shangri-La is expanding from one to four hotels.

Conrad, Jumeirah, Waldorf Astoria and the legendary Peace Hotel -- managed by Fairmont -- are all also preparing to enter the fray, with work done or nearly completed on each property.

"Is it madness?" asked Graham Kiy, general manager of the two-hotel Zendai complex designed by star Japanese architect Arata Isozaki.

A member of the Leading Hotels of the World, the complex is due to open in September 2010.

"The luxury travel sector itself has always been less affected by economic downturns. Luxury travel is a little bit down, but not as depressed as the three-star and four-star sectors," Kiy said.

He said occupancy at five star hotels was currently at 50-55 percent overall, rising to 60-65 percent at hotels with better locations.

The surge in luxury hotel openings -- which will add nearly 3,900 five-star rooms -- is linked to Expo 2010, which Shanghai will host next year. Seven million visitors, most



The picture taken on October 19 shows the swimming pool of Peninsula hotel in Shanghai. The hotel opened its doors in Shanghai on October 18, marking a return home after a more than 60-year absence for the company that once ran the finest hotels in "the Paris of the East".

of them Chinese, are expected to flood into the city.

"We're sure Expo will bring benefits to Shanghai in terms of visitors and media attention, but 2011 will be tough because there will be an oversupply of luxury hotels," Kiy said.

China has weathered the economic crisis better than any other travel market, said Philip Ho, Asia Pacific vice president for Leading Hotels of the World, whose latest property, the PuLi Hotel and Spa, just opened in Shanghai.

He points to research his company conducted earlier this year indicating that while

globally more than 40 percent of people had cancelled vacations due to economic constraints, only 15 percent had done so in China and Hong Kong.

Fifty percent of Chinese and Hong Kong respondents to the luxury firm's survey said they would not change their travel habits due to the downturn and nearly 80 percent said they would not downgrade from five-star hotels.

"While the world has gone into a recession, China has not gone into a recession," Ho said.

The number of high net worth individuals in China surpassed the number in

Britain last year to become the fourth largest in the world, according to research published by Merrill Lynch this month. China passed France in 2007.

China now has more than 364,000 people with more than one million dollars in liquid assets, the investment bank said.

That is a key figure for the luxury hotel sector, executives say -- and one that puts them at ease.

"China's a very big market and there's a place for everybody and everything," said the Peninsula's general manager Paul Tchen.

"With our arrival, we're providing another option... Choice itself is a luxury."