

OECD cuts 2016 growth forecast to 3pc



Shipping containers are seen on a ship docked at a port in Rizhao, Shandong province, of China. The OECD downgraded its initial 2016 estimate, citing stagnating trade amid a slowdown in the Asian economic giant.

AFP, Paris
The OECD on Thursday cut its 2016 economic growth forecast to 3.0 percent from 3.3 percent owing to disappointing data, sluggish demand, weak investment and a high risk of financial instability. "Financial instability risks are substantial," the 34-member Organisation for Economic Cooperation and Development said in its latest interim outlook, urging a strong collective response to combat sagging global growth, which it predicts will not surpass 2015's already pal-

lid showing. The Paris-based body trimmed its outlook for this year as growth slows in many emerging countries and advanced economies only expected to achieve modest recovery after a 2015 that saw the slowest growth in five years. In its November outlook, the OECD had already downgraded its initial 2016 estimate, citing stagnating trade amid a slowdown in China. But it said it felt compelled to make a further downward revision both for this year while also revising downward an initial November

projection for 2017 to 3.3 percent from 3.6 percent. "A stronger collective policy response is needed to strengthen demand," said the organisation, noting "contractionary" fiscal policy in many major economies amid slowing structural reform. The organisation identified further risk as emerging market currency volatility and debt, notably in Russia, Turkey and Brazil. It that added poor growth prospects were pushing down equity prices, helping to spark the market volatility seen in recent weeks.

"Structural reform momentum has slowed," added the OECD, identifying a combination of negatives affecting the global outlook, with fuel and commodity prices in a trough amid sluggish demand while China stays stuck in third gear. "Monetary policy cannot work alone" to achieve sustained growth, warned the OECD as it noted projected growth rates which "are the lowest in the past five years and well below long-run averages." The body said that whereas relatively healthy growth in emerging countries had in previous years partially compensated for a slowdown in emerging nations, this was currently no longer the case. "Global GDP growth is projected to be no higher than in 2015, itself the slowest pace in the past five years," it concluded. On a country by country basis, the OECD saw across-the-board weakness. It reduced the forecast for the United States by 0.5 percent to 2.0 percent. For sputtering EU locomotive Germany, it cut growth by 0.5 percent to 1.3 percent, compared to the German government's own forecast of 1.7 percent. The cut for France was smaller at just 0.1 percent down to 1.2 percent -- the Paris government current forecast is 1.5 percent. The forecast for China remained unchanged on the November assessment of 6.5 percent while India enjoyed a small upward revision of 0.1 percent to 7.4 percent. But Brazil, in freefall after being hit severely by plunging commodity prices and falling Chinese-led demand, was downgraded 2.8 percent to a 4.0 percent contraction.



Mohammad Shafiqur Rahman, executive vice president of United Commercial Bank, and Sumona Alam, managing director of Meraki restaurant, pose at the signing ceremony of an agreement. UCB cardholders and "imperial" customers will enjoy 12 percent discounts at the restaurant.

Vietnam's VietJet signs \$3.04b deal with Pratt & Whitney

AFP, Singapore
Vietnamese budget carrier VietJet Air said Thursday it had signed a \$3.04 billion deal with US engine maker Pratt & Whitney, underscoring the growth potential of Southeast Asia's low-cost airline market. The engines will power the 63 Airbus A320neo and A321neo aircraft ordered by the carrier, VietJet said in a statement at the Singapore Airshow. The agreement is worth \$3.04 billion, VietJet said. Industry players have said that Southeast Asia, including Vietnam, is a key growth market for budget air travel, driven by the region's growing middle class, many of whom are travelling for the first time. "We are delighted to choose the PurePower Geared Turbofan engine for our fleet of Airbus A320neo and A321neo jets," said VietJet president and chief executive Nguyen Thi Phuong Thao. Founded in 2007, VietJet says it currently has a fleet of 34 aircraft, including A320s and

A321s, and operates 200 flights each day. Apart from domestic services, it also flies to international destinations like Thailand, Singapore, South Korea, Taiwan, China and Myanmar. US aircraft maker Boeing is forecasting that Southeast Asia needs 3,750 new airplanes in the next 20 years, with more than three-quarters of the deliveries being single-aisle airplanes favoured by budget carriers. "Southeast Asia is the world's most active region for medium-haul low-cost carriers, which is a business model with strong growth potential," Boeing said. The engine deal is the biggest so far announced at the biennial airshow. On Wednesday, Europe's Airbus said it had won a \$1.85 billion deal for the purchase of six A350-900s by Philippine Airlines (PAL), the flag carrier of one of Asia's fastest-growing economies. US-based rival Boeing announced a commitment from China's Okay Airways to buy 12 aircraft for \$1.3 billion despite a weakening Chinese economy.

China's HNA snaps up US tech firm for \$6b



The HNA logo is seen on a building in Beijing yesterday.

AFP, Shanghai
A Chinese firm has splashed out \$6 billion for a US tech firm that distributes products for Apple and Microsoft, the latest eye-popping acquisition by a Chinese company seeking greater profits abroad as the economy slows down at home. HNA will pay the enormous figure for Ingram Micro, a company statement said Wednesday, making it among the top ten most valuable overseas acquisitions ever made by a Chinese company, according to data from research firm Dealogic. Growth in the world's second largest economy has waned in recent years, and Beijing has pushed local firms to look beyond the country's borders for deals that can both improve their balance books and strengthen their operations. Ingram Micro, which also distributes products for IBM and Cisco, has more than 200,000 customers in approximately 160 countries, the company says on its website.

HNA -- best known as a parent of Hainan Airlines -- said the acquisition would help grow its business overseas and transform its existing logistics unit. "With the help of Ingram Micro, HNA Group would have access to business opportunities in emerging markets, which have higher growth rates and better profitability," HNA chief executive Adam Tan said in the statement. Tianjin Tianhai Investment, a unit of HNA, will pay \$38.90 per share in an all-cash transaction, New York-listed Ingram Micro said Wednesday. The pay out is a 31 percent premium to its closing price on the day. HNA also has interests in tourism, hotels, financial services and real estate, according to its website. Subsidiary Tianjin Tianhai, originally a maritime shipping company, is seeking to transform itself into a logistics firm. The transaction, which has already been approved by the boards of both companies, is expected to be completed in the second half of the year, the HNA statement said.

Apple launches China payments service in crowded market

AFP, Shanghai
Apple on Thursday launched its mobile payment service Apple Pay in China, pitting the US technology giant against strong domestic rivals in a large but already crowded market. Success in the world's second-largest economy is crucial for the California-based firm. Apple Pay is available in only a few other countries including the United States, Britain, Canada and Australia. But unlike most other countries, mobile payment systems are already well-established in China and Apple does not have a first-mover advantage. "Can't wait for you to try it and see how incredibly easy it is to use!" Apple chief executive Tim Cook said of the service on a verified China microblog. Some users complained of difficulties linking their bank cards, the key step to using the payment service, apparently because people rushed to sign up. "Apple Pay, I have already waited a long time for you in vain. But your back-end technology basically cannot survive in this hot spot China," said one in a microblog posting under the name Erzi Wangpeng. China had 359 million online payment users in mid-2015, up almost 18 percent in six months, according to the state-backed China Internet Network Information Center (CNNIC). China's mobile transactions were valued at some 9.3 trillion yuan (\$1.4 trillion) last year, up an annual 57 percent, one industry estimate showed. The dominant mobile and online payment providers are e-commerce giant Alibaba with nearly three-quarters of the market, followed by Tencent -- operator of the popular messaging app WeChat -- which has some 17 percent, according to Beijing-based BigData Research. The Apple brand commands a strong following in China, especially as a status symbol among the emerging middle class, with reports circulating of people selling their kidneys to buy iPhones in recent years.



The photo shows a display explaining that purchases can be made using Apple Pay, as well as other formats, at an Apple store in Shanghai yesterday.

Ray Zhao, an Internet industry analyst at Guotai Junan Securities, told AFP: "There is still a chance for Apple Pay to grab some market share. Some loyal Apple users may prefer using it instead of other payment tools." But the space for Apple Pay is still small, he added. Analysts said Apple's iOS system could provide better security for transactions, but most Chinese people use Android phones, ruling them out as Apple Pay users. Tencent and Alibaba's Alipay squared off during the recent Lunar New Year, encouraging users to send billions of "red envelopes" -- cash gifts traditionally exchanged over the holiday -- online. Just two days ahead of the Apple Pay launch, Tencent said it would start levying fees for with-

drawing funds from its WeChat Wallet, according to a statement, apparently a move to discourage users from leaving. Rival Alipay said it would not charge. Apple has found a powerful partner in China, bank card provider UnionPay, which has links to the central bank but has lagged technology companies in developing online payments, analysts said. "Apple Pay needs to find the right angle to get into the market and it is not as easy as imagined," independent technology analyst Fu Liang told AFP. "China's market competition is very intense and there are at least a dozen strong players." "But the market space is big enough... It won't be dominated by only a few players," he said.

Indonesia cuts rates for second straight month

AFP, Jakarta
Indonesia's central bank Thursday cut its key interest rate for the second straight month to spur growth after Southeast Asia's top economy recorded its slowest expansion in 2015 for six years. Bank Indonesia slashed the rate by 25 basis points to 7.0 percent. The move followed a cut of the same amount in January, which had been the first reduction for almost a year. The central bank also cut the reserve requirement ratio by 100 basis points to 6.5 percent and made a small reduction to the rate it pays lenders on overnight deposits, with both moves aimed

at encouraging banks to lend more and help lift the economy. "It is hoped these policies will strengthen efforts to lift economic growth," said bank governor Agus Martowardojo, adding there was more room to loosen monetary policy due to lower inflation. The latest easing came after official data released earlier this month showed the economy grew 4.79 percent last year, the first time it has fallen below five percent since 2009 at the height of the global financial crisis. However, expansion accelerated in the final quarter and Bank Indonesia forecast Thursday that growth in 2016 will fall within the range of

5.2 and 5.6 percent. Indonesia's economy has been losing steam for some time on the back of falling demand for its key commodity exports such as coal and palm oil, particularly from China. Policymakers had previously been reluctant to cut rates due to high inflation, but slower price increases in recent months have given them space to start tightening monetary policy. President Joko Widodo has made boosting the country's flagging economy a priority. He has launched a drive to attract much-needed foreign investment, ramped up infrastructure projects and introduced bureaucratic reforms.



Syed Abu Abed Saher, marketing and sales director of HeidelbergCement Bangladesh, attends a get-together organised for the "channel partners" of the company's Scan brand cement at Hotel Naz Garden in Bogra.