

The Business



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Fuel-efficient jets help Airbus outsell Boeing

HAMBURG: Airbus outsold Boeing almost two-to-one in 2011 after gambling on a revamped fuel-efficient jetliner and delivered more jets than its rival for the ninth year running, while admitting it may struggle to keep its order crown this year.

Figures released by the European planemaker yesterday confirmed the popularity of narrow body jets offering significant fuel savings based on new

engines available from mid-decade.

Airbus said it had won orders for 1,608 aircraft or a net total of 1,419 after cancellations, giving it a record market share of 64 per cent by volume or 54 to 56pc by value.

The tally includes over 1,220 A320neos, a revamped 150-seat workhorse launched just over a year ago and which prompted Boeing to update its own best-selling jet as the 737 MAX.

Both manufacturers have decided to inject new life into the short-haul A320 and 737 models, their biggest cash cows. They are banking on demand for fuel savings to help airlines stay alive as oil prices remain unusually high through the downturn.

Airbus moved first, sweeping up an initial wave of orders in the largest segment of the industry, which is valued at \$2 trillion over the next 20 years,

but Boeing posted record sales of its larger and more expensive long-haul 777 mini-jumbo.

Airbus confirmed it had delivered 534 aircraft in 2011. The 5pc rise from 2010 comes as both Airbus and Boeing plan further increases to meet demand from rising Asian economies.

Between them, the world's dominant airplane manufacturers made industry history by delivering more than 1,000

aircraft and taking orders for more than 2,500 in a single year as Asia's growing wealth continued to outshine the bleak Western economy.

"It was a tough year for the world economy but traffic is growing and the number of middle classes, by which I mean people with disposable incomes for things like air travel, will triple in the next 20 years," said Airbus sales chief John Leahy.

Swiss firm wins CBB licence to open office

MANAMA: The Central Bank of Bahrain (CBB) has granted a representative office licence to Notz, Stucki & Cie, a member of the Swiss Association of Asset Managers to operate in the kingdom.

Notz, Stucki & Cie from its main office in Geneva and its presence in Luxembourg, Singapore, London, Zurich and Bermuda, has provided a wide range of asset management services to individual and institutional investors.

"We welcome Notz, Stucki & Cie's decision to choose Bahrain as its first presence in the region," said CBB director of licensing and policy Ahmed Al Bassam.

"The past few years have witnessed an increasing interest for asset management companies on an international scale.

"Bahrain has accommodated both regional and international asset management companies, which have chosen the kingdom as their hub to reach the market in the Middle East.

"In addition, the kingdom has created a proper environment for the growth of financial institutions by creating and implementing relevant regulations.

"This has encouraged many financial institutions worldwide to provide their financial services through setting up a base for their operations in Bahrain,"



■ Mr Al Bassam

he said.

"The CBB granted a total of 20 new licences during 2011, of which four were for international asset managers, compared with 14 licences in 2010," he added.

"We are delighted to have received the licence from the CBB for a representative office," said Notz, Stucki & Cie managing partner Herwig Von Hove.

"We are one of the largest, fully independent asset management groups in Europe with a long history and continuous strong track record.

"The firm offers advisory and discretionary portfolio management and

multi-manager funds," he said.

"We have a global presence with a strong client base and it was a natural progression to establish a presence in the region," he added.

"Having done a feasibility study on the region, we found Bahrain's regulatory framework the most robust for our business model, which heavily influenced our decision to establish our Gulf and Middle East presence here," said Notz, Stucki & Cie head of Middle East and Bahrain office general manager Maria Sofia Kourti.

"We are pleased to be welcomed by the CBB and we are looking forward to being a key contributor in both the alternative investment and the traditional asset management space."

China boost as growth hits 8.9pc

BEIJING: China appears on track to avoid an economic slowdown with possible global repercussions after growth eased to a robust 8.9 per cent in the last quarter of 2011.

The expansion in the world's second-largest economy was the slowest in two-and-a-half years but December retail sales and factory output accelerated, data showed yesterday. Growth in the previous quarter was 9.1pc.

"The outcome seems to confirm a soft landing scenario," said Frances Cheung of Credit Agricole CIB, Hong Kong.

China is one of the biggest importers and slower growth could have global repercussions if it cuts demand for iron ore, industrial components and other goods from Australia, Brazil, Southeast Asia and elsewhere.

Growth decelerated in 2011 as Beijing raised interest rates and tightened investment curbs to prevent overheating and tame inflation. It reversed course and started easing lending late in the year after plunging US and European export demand raised the threat of job losses and unrest.

The slowdown was in line with government plans, said Ma Jiantang, commissioner of the National Bureau of Statistics. He said the "ideal situation" would be to keep growth between 8.5pc and 9pc, with inflation low.

In 2012, China faces "complexity and challenges" due to global malaise and pressure for prices to rise, he said.

Investor mood up in Germany

BERLIN: German investor confidence rose sharply in January, a closely watched survey showed yesterday, suggesting that Europe's top economy remains resilient to the crisis causing chaos in the euro zone.

The ZEW think-tank's economic expectations index rose by a whopping 32.2 points in January to stand at minus 21.6 points, it said. On average, analysts had expected a slight increase to minus 49.5 points from last month's minus 53.8 points.

"Contrary to fears of a recession the assessment of the financial market experts gives reason for cautious optimism that Germany will only experience a dent in economic activity," ZEW head Wolfgang Franz said.

Sabco's profit slides 10pc

RIYADH: Saudi Basic Industries Corporation (Sabco) reported a 10 per cent drop in quarterly profit yesterday, missing forecasts, as the world's biggest petrochemical firm by market value felt the impact of lower prices.

Sabco made a net profit of 5.24 billion riyals (\$1.4bn) for the three months to end December, compared with 5.81bn riyals in the same period a year earlier.

Analysts expected the firm to post, on average, a net profit of 7.4bn riyals for the fourth quarter.

The bellwether Middle East conglomerate, which supplies chemicals, industrial polymers, fertilisers and metals globally, posted record profit in the second and third quarters last year.

"The economic situation in the fourth quarter impacted but we started to see an improvement in prices and we hope it improves further," chief executive Mohamed Al Mady said.

"The year 2011 started good and slowed down a bit toward the end of the year.

"And my prediction is hope-

fully that 2012 will be a mirror image of 2011, that it will start slow and then pick up a bit toward the end of the year and then 2013 will really be better."

Al Mady said fourth quarter sales rose to 47bn riyals, from 40.8bn in the prior-year quarter. On the year, Sabco had sales of 190bn riyals, up from 151bn riyals in 2010. He also said the company had no plans to issue new debt in 2012.

The company recently signed an agreement with China to develop a new polycarbonate factory there, using Sabco technology. The move reflects global demand trends, with Europe becoming an increasingly difficult market.

"In Europe we are trying our best to improve our costs...also looking at opportunities across Europe in terms of optimising between for example our plants in the UK and our plants on the continent," said Yousef Al Zamel, vice president for chemicals.

"So we are looking across the value chain at how we are going to optimise and use our costs."



■ Samsung Electronics' Galaxy Tab computers at a store in Seoul. Samsung Group, which includes Samsung Electronics, yesterday said it is raising its 2012 investment to a record \$41.4 billion, as the South Korean conglomerate seeks to consolidate its leading position in mobile chips and flat screens.

Adnoc-CNPC in key deal

DUBAI: State-owned Abu Dhabi National Oil Company (Adnoc) signed a deal with China National Petroleum Corporation (CNPC) to collaborate in upstream projects in undeveloped areas, state-news agency WAM reported yesterday.

"CNPC will conduct technical and economic studies to assess undeveloped areas and will forward them to Adnoc," the agency said.

The areas will be identified by the Supreme Petroleum Council. The agreement also aims at co-operating in areas of petrochemical develop-

ment, technical services, engineering and construction services.

Chinese Premier Wen Jiabao arrived in Abu Dhabi on Monday as part of a six-day tour of the region where he hopes for greater access to its oil and gas reserves in light of possible sanctions against Iran from the West.

Beijing opposes further sanctions but has cut its purchases of Iranian oil by more than half for the first two months of this year, a move seen as forcing Iran to offer discounts.