

Dubai's Emaar apartment sales income slump 85% in Q2

UAE tourist Visa card spending up 20% in 2010

DUBAI: Emaar Properties, Dubai's largest developer by market value, saw an 85 percent fall in its income from apartment sales during the second quarter (Q2), as demand for real estate continues to fall in the emirate.

Revenues from sale of apartments were 265.6 million United Arab Emirates (UAE) dirhams (72.3 million US dollars) in the second quarter, compared with 1.7 billion dirhams in the same period in 2010, Emaar said in a detailed financial statement posted on the Dubai bourse on Sunday.

The builder of the world's largest tower, the Burj Khalifa, reported a 69 percent drop in second quarter net profit last month.

Developers in Dubai are struggling after property prices in the emirate plunged by about 60 percent since its peak in 2008.

Revenues from its hospitality grew to 283.76 million dirhams from 236.1 million dirhams, a 20 percent increase, the statement showed.

Income from sale of commercial units and land rose to 596.5 million dirhams compared with 176.7 million dirhams in the prior year. Revenue from sale of villas also increased to 337 million dirhams from 54.4 million dirhams, the statement said. Emaar shares rose 2.5 percent in early trade on the Dubai stock exchange. They are down 22 percent year-to-date (YTD).

In other news, travelers to the United Arab Emirates spent 20.3 percent more with their Visa cards in 2010 compared with the previous year, as tourism recovered from the impact of the global financial crisis, a company executive said on Sunday.

Kamran Siddiqi, general manager for Visa Middle East, said company data showed international travellers spent \$3.1 billion in the UAE, at \$298 billion the second largest Arab economy.

"Significant infrastructure developments throughout the UAE have contributed towards this turnaround, and the UAE is forecast to experience some of the world's strongest inbound tourism growth over the next five years," he told Reuters.

Siddiqi declined to provide a forecast for this year. He said Visa cardholders from Britain, the United States and



FILE - Flags belonging to Dubai's Emaar Properties, builders of the Burj Khalifa, the world's tallest tower, are seen in Dubai. Emaar an 85 percent fall in its income from apartment sales during the second quarter (Q2), as demand for real estate continues to fall in the emirate. (Reuters)

Russia continued to be the largest spenders in the Organization of Petroleum Exporting Countries (OPEC) member in 2010.

The UAE tourism industry and consumer spending was hard hit in the global financial turmoil, which triggered Dubai's debt crisis in late 2009. Private expenditure accounted for around 59 percent of the UAE economy last year, the National Bureau of Statistics data showed.

Passenger traffic at Dubai International Airport - the world's fourth busiest airport - rose 15 percent in 2010 as the global economy recovered. It was up 8.9 percent in the first half (H1) of 2011 despite high fuel costs and increased economic uncertainty in Europe and the United States.

Hotels in the UAE trade and tourism hub Dubai, known for the world's tallest tower, reported a modest occupancy

increase of 0.7 percent to 69.9 percent in May from the previous year. Siddiqi said the UAE had also seen a sharp spending rise from emerging market cardholders such as those from China.

"In 2010, Chinese travellers spent 155.3 percent more in the UAE than they did in 2009. Luxury retailers noted the rise in Chinese visitors that began in 2010 shows no signs of abating as an increasing number of Chinese tourists are looking for high-end luxury goods," he said.

The UAE, the world's number three oil exporter, has been spared the political turmoil affecting nearby Bahrain, Oman and Yemen, drawing visitors to attractions such as the luxury Burj Al Arab hotel and an indoor ski slope.

Visa, which processes credit card payments in more than 200 countries, registered 14 percent growth in payment pro-

cessing worldwide last year. Volumes jumped 19.5 percent in the Gulf compared with 2009, it said in April.

International tourist arrivals to the UAE are expected to grow by seven percent to 13 million trips by 2015, Euromonitor International figures show. Analysts polled by Reuters in June expect the UAE economy to expand by 3.7 percent in 2011.

Water tariffs held steady

Dubai will not raise water and electricity tariffs in the next few years, the emirate's top energy council said on Sunday.

The UAE, which has seven percent of the world's known oil reserves, is one of the highest per capita consumers of water and electricity in the world.

"There will be no increase in the tariff of electricity and water consumption during the few coming years in Dubai," Nejjib al-Zafrani, secretary general and chief executive of Dubai's Supreme Council of Energy (SCE) said in a statement.

He did not specify the number of years. The government of Dubai utility Dubai Electricity and Water Authority, and the SCE is responsible for ensuring energy supplies in the emirate where increasing demand for cooling and are major drivers for rapidly rising electricity use.

Living costs in the trade and business hub of Dubai grew 0.8 percent on an annual basis in June, the biggest rise in two months. Prices of housing, water and electricity, the biggest Dubai basket component, dipped 0.2 percent.

Analysts polled by Reuters in June expected UAE inflation to accelerate to 2.5 percent this year from 0.9 percent in 2010, which was the lowest annual level since the Gulf war started in 1990.

July CPI slows

Consumer prices in the UAE slowed to a three-month low of 1.3 percent on an annual basis in July from 1.7 percent in June and fell 0.2 percent on the month mainly due to a drop in housing costs, data from the National Bureau of Statistics showed on Sunday.

Analysts expected prices in the world's third largest oil exporter to pick up gradually this year as the Gulf country recovers from Dubai debt woes.

The second largest Arab economy is seen expanding by 3.7 percent this year. -Reuters

Iran sees return to normal oil exports to India in August

TEHRAN: Iran hopes oil deliveries to India will return to a normal level now a long-running payment problem has been resolved, the head of international affairs at the National Iranian Oil Company, said in an interview published on Sunday. Talking to the semi-official Fars news agency, Mohsen Ghamsari, confirmed that all Indian customers had started to pay debts that had built up over the year and said if there had been a slowdown in supply in August due to the dispute, that was now over.

"If the Indian refiners keep their word and pay their debts, I am hopeful that we will reach that 400,000 barrels," he said, referring to previous average daily exports to India.

Iran had denied it halted shipments to India,

but refiners there said they did not get supply notices for the month. Ghamsari said, "Oil exports to India have not been halted. Of course it is possible that these exports have been reduced because we needed to organize our financial situation."

Indian Finance Minister Pranab Mukherjee said on Friday India and Iran had resolved their problem over payments, which started at the end of last year when, under US pressure, the Reserve Bank of India scrapped a long-standing regional clearing house mechanism.

The disruption to Iran's oil sales with its second-biggest customer was one of the biggest single impacts of the US-led drive to isolate Iran, which it accuses of seeking nuclear weapons, a charge Tehran denies.

Ghamsari confirmed that Iran had received at least one billion euros of the five billion US dollar debt. Iranian media quoted an Iranian central bank official on Saturday as saying 40 percent of the debt had been paid.

The new payment mechanism, which uses Turkey's state-owned Halkbank to route payments to Iran, a potentially vulnerable point if Washington applied more pressure on Ankara to close the conduit.

"Treasury has not been consulted on this conduit and has therefore not offered a view," US Treasury Department spokeswoman Marti Adams said in a statement. She did not say whether the Treasury would issue a judgment on the arrangement. -Reuters

Egypt sells 2.5 billion Egyptian pounds in treasury bills

CAPITALS: Egypt's Ministry of Finance said the central bank sold 2.5 billion Egyptian pounds (420 million US dollars) in domestic treasury bills on Sunday, the same amount it had offered.

The central bank sold one billion pounds of 91-day treasury bills on behalf of the ministry at an average yield of 11.907 percent, down from 11.995 percent at last week's auction.

The bank also sold 1.5 billion pounds of 259-day treasury bills at an average yield of 12.912 percent, up from 12.757 percent at the last issue on July 19. -Reuters

'Doomsday' defense cuts loom large for select 12

WASHINGTON: For the dozen lawmakers given the task of producing a deficit-cutting plan, the threatened 'doomsday' defense cuts hit close to home.

The six Republicans and six Democrats represent states where the biggest military contractors - Lockheed Martin, General Dynamics Corp., Raytheon Co. and Boeing Co. - build missiles, aircraft, jet fighters and tanks while employing tens of thousands of workers.

The potential for 500 billion US dollars more in defense cuts could force the Pentagon to cancel or scale back multi-billion-dollar weapons programs. That could translate into significant layoffs in a fragile economy, generate millions less in tax revenues for local governments and upend lucrative company contracts with foreign nations.

The cuts could hammer Everett, Wash., where some of the 30,000 Boeing employees are working on giant airborne refueling tankers for the Air Force, or Amarillo, Texas, where 1,100 Bell Helicopter Textron workers assemble the fuselage, wings, engines and transmissions for the V-22 Osprey tilt-rotor aircraft.

Billions in defense cuts would be a blow to the hundreds working on upgrades to the Abrams tank for General

Dynamics in Lima, Ohio, or the employees of BAE Systems in Pennsylvania.

For committee members such as Sens. Patty Murray, D-Wash., Rob Portman, R-Ohio, and Pat Toomey, R-Pa., the threat of Pentagon cuts is an incentive to come up with \$1.5 trillion in savings over a decade. Failure would have brutal implications for hundreds of thousands workers back home and raise the potential of political peril for the committee's 12.

"I think we all have very good reasons to try to prevent" the automatic cuts, Toomey told reporters last week when pressed about the impact on Pennsylvania's defense industry.

The panel has until Thanksgiving to come up with recommendations. If they deadlock or if Congress rejects their proposal, \$1.2 trillion in automatic, across-the-board cuts kick in. Up to \$500 billion would hit the Pentagon.

Those cuts, starting in 2013, would be in addition to the \$350 billion, 10-year reduction already dictated by the debt-limit bill approved by Congress and signed into law by President Barack Obama this month.

Not surprisingly, Defense Secretary Leon Panetta has described the automatic cuts as the "doomsday mechanism". -AP

KGL hosts Ghabqa supporting cause

Ricky Laxa
Staff Writer

KUWAIT: The Kuwait Gulf Link (KGL) Holding company hosted its annual Ghabqa for its employees from different business units Thursday night at the grand ballroom of Sheikha Salwa Sabah Hall in Salmiyah. The annual event, which provides an avenue for employees and families to spend time together over a sumptuous dinner and

experience Arabian hospitality in celebration of the Holy Month of Ramadan, was organized this year with sublime mission of raising financial contribution and awareness on Somalis suffering from hunger and thirst caused by drought.

In an introduction presented by a staff of KLG Hassan Rawas highlighted KGL's intention to help more than 3.7 million people of Somalia who have been affected by the worst drought that hit the Horn of Africa and are on the brink of starvation.

Rawas added that more than 11 million people in the Horn of Africa have been hit by the worst drought in a half a century. Many are dying of malnutrition and close to 10 children are dying each day. Refugee camps are overflowing with people desperate for food and the need to extend assistance is of urgent concern.

A brand new car and some gift vouchers were put on auction to raise funds for Somalia. The Charity Auction participated in by the KGL employees and guests were a part of the 'Let's Help Somalia' campaign that was launched by KGL Holding this holy month of Ramadan in coordination with Kuwait Red Crescent Society (KRCS).

Proceeds of the charity auction will be handed to the KRCS to be donated to Somalia. This initiative is in line with KGL's Corporate Citizenship advocacy in extending humanitarian aid to people affected by natural calamities and other humanitarian disasters.

The charity auction sold dinner and breakfast vouchers, Blackberry phones, internet subscriptions and a brand new car; the Kia Rio 2011 model that earned four thousand Kuwaiti dinars, bid by a KGL official. Generous sponsors, which contributed the prizes, were Al-Qurain Automotive Trading Company, KEMS, Wataniya Telecoms and the Marina Hotel. Among those present to grace the occasion were top officials of KGL, sponsors and members of the local press.



Top officials of KGL attending the annual Ghabqa held at Sheikha Salwa Sabah Hall in Salmiyah Thursday evening. (Al Watan Daily)

New stimulus seen if recession hits Canada

TORONTO: Canada would consider fresh stimulus for its economy if it slipped into recession, its finance minister said on Saturday, a move that could complicate plans to return to a balanced budget by 2014-2015.

"It will take economic contraction," Finance Minister Jim Flaherty said in a CBC Radio interview when asked what it would take for the government to suspend its budget-cutting policies and start stimulus spending again.

"It would have to be the oxymoronic word 'negative growth'." At the beginning of the current fiscal year, Canada's Conservative government began winding down its stimulus spending program, launched two years earlier during the global financial crisis. It has pledged to stop running deficits by 2014-2015.

Despite the debt crisis in Europe and threat of a US slowdown, Flaherty expressed guarded optimism about the health of the Canadian economy and said it was important to take a long-term perspective in shaping policy.

"We had a very strong first quarter in Canada this year and we'll see

more modest growth ... in the rest of the year. But as long as there is growth overall - the moderate growth we expect and some small growth also in the United States - then in North America we will be relatively well off."

Canada's government has forecast the economy will grow by 2.9 percent in 2011.

Flaherty conceded that he was concerned about Europe as well, but that the situation there affected Canada much less than the United States.

Fiscal responsibility

Flaherty said he saw an economic slowdown in the United States - Canada's largest trading partner - as the most significant risk for the country, but said he was confident Canada could weather any renewed global economic turbulence.

"We are seeing a relatively small growth in the US, but we are seeing growth. As long as that continues we ought not have too much difficulty," he told the Canadian Broadcasting Corp.

Still, Flaherty again emphasized the need for the United States and some European countries to follow Canada's example on fiscal responsibility.

"We have a plan to get us back to surplus by 2014-2015. We have long-term planning in place and we have the resolve to stay the course," Flaherty said.

"This is a fundamental need both in the United States and certain European countries. We need governments to demonstrate that they can get their financial issues straightened out in terms of deficit and debt."

Flaherty dismissed the notion that Canada was too dependent on trade with the United States but said there were advantages to expanding commerce with India, China and other Asian economies.

"We need to do more trade with other countries, and we need to do more trade with the United States. I'm very happy that the most powerful economy in the world, by far, is the United States economy, and it's right next door to us. -Reuters