Qatar Tribune
Business
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DOW 33,375.49 +330.93 PTS	QE 10,810.57 +224.29 PTS	SENSEX 60,621.77 -236.66 PTS	GOLD 1,944.90 +0.22%
BRENT PRICE 87.63 PERCENTAGE +1.71%	WTI PRICE 81.64 PERCENTAGE +1.28%		SILVER 23.94 +0.27%

QDB launches green financing programme for SMEs in Qatar

QNA
DOHA

QATAR Development Bank (QDB) has launched the clean energy and eco-friendly financing programme, also known as green financing, for Qatar-based Small and Medium Enterprises (SMEs) operating in QDB-mandated sectors.

The programme is aimed at supporting SMEs that are seeking to introduce or use clean and sustainable projects or infrastructures (green projects) to support their business operations in the reduction of their energy cost, environmental degradation, and carbon footprint.

QDB Acting CEO Abdulrahman Hesham Al Sowaidi said that supporting sustainability through this and other programmes is part of the bank's strategy to support environmentally friendly projects, in keeping with the necessities of this period nationally and globally.

Al Sowaidi indicated that the bank is moving in accordance with its institutional responsibility to support entrepreneurs in line with the country's national vision for building a sustainable knowledge-based economy.

QDB Acting CEO stressed that this financing programme is the first of its kind, and that it will support SMEs operating in any of the various QDB-mandated sectors, encouraging them to benefit from the bank's programmes, indicating that the Green Financing programme will first finance 85 percent of a project's cost for enterprises that will add technological solutions or environmentally friendly operations to their business or their business model. QDB offers a long-term financing repayment period of up to 15 years, including a three-year grace period.

Al Sowaidi added that QDB will finance 80 percent of a project's total cost for companies that will produce final green products with a positive and sustainable environmental impact, this time with a repayment period of up to 20 years, including a three years grace period.

The Green Financing program enables enterprises to obtain competitive and preferential pricing with admin and profit rates to encourage them to make an environmentally friendly transformation and produce sustainable green products.

QDB encourages SMEs to achieve their environmental goals in various fields such as renewable energy, waste management, water treatment, recycling, clean and green technical innovations, and projects that promote energy efficiency and reduce carbon footprint.

According to a statement issued by QDB, interested entrepreneurs can apply for financing on QDB's website.

The QDB headquarters in Doha.

India's forex reserves surge $10 billion to 5-month high

AGENCIES
NEW DELHI

THE foreign exchange reserves of the Reserve Bank of India (RBI) surged by $10.42 billion to a five-month high of $572 billion in the week ended January 13, latest data showed.

The reserves were at $572.98 billion in the week ended August 5, 2022.

The rise in the RBI's reserves is the sharpest since the week ended December 2, 2022. According to analysts the increase in the reserves was owing to a positive valuation impact in the face of a weaker US dollar as well as likely purchases of the American currency by the RBI. For the week ended January 13, the RBI's foreign currency assets jumped $9.1 billion to $505.52 billion, the data showed.

In the previous week, the US dollar index weakened sharply as data showed slowing inflation in the country, strengthening the case for the Federal Reserve to reduce the pace of its monetary tightening. The rupee gained 1.7 per cent versus the US dollar in the previous week, strengthening past the 82 per dollar mark.

"The overall balance of payments has improved and so have valuations. There were likely some dollar purchases by the RBI. That can be seen from the improvement in the liquidity situation in the banking system," Soumyajit Niyogi, director, India Ratings & Research said.

Qatar's MEPI index rises 0.17% in second half of 2022

QNA
DOHA

THE Planning & Statistics Authority (PSA) has released the Machinery & Equipment Price Index (MEPI) for the Second Half of 2022, which reached 100.19 points, an increase of 0.17 percent compared with the second half of 2021, and a 0.72 percent increase of MEPI when compared with the counterpart of the previous year 2021.

An analysis on an h-o-h basis of MEPI in the second half of 2022 against the first half of 2021 shows that seven of the main groups increased namely 'musical instruments' by 5 percent, 'office, accounting and computing machinery' by 3.75 percent, 'metal tools and tools' by 2.95 percent, 'medical appliances precision and optical' by 2.38 percent, and 'machinery and electrical appliances' by 0.81 percent, 'general, purpose machinery' by 0.48 percent and 'special purpose machines' by 0.05 percent.

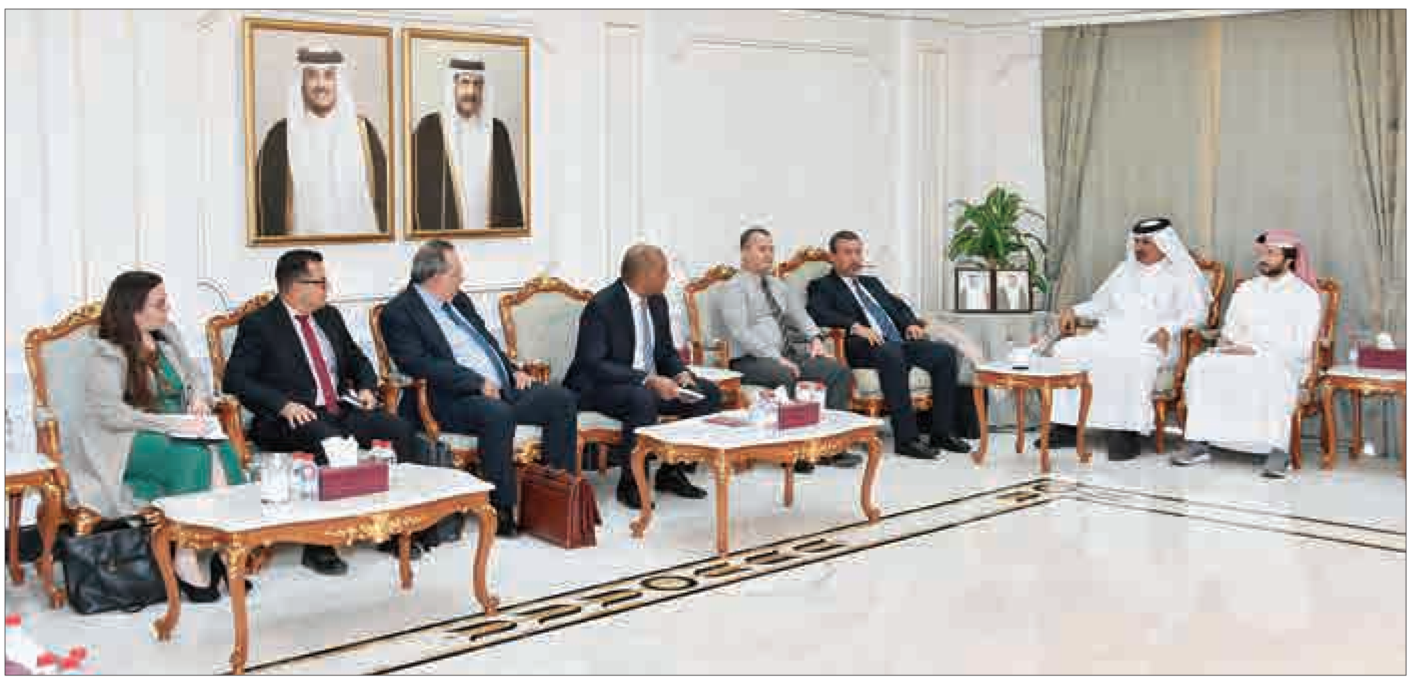
A decrease was recorded in 'radio, television and communication equipment' by 3.27 percent and 'transport' by 1.28 percent.

A comparison of the MEPI of the second half of 2022 with the second half of 2021 showed that there has been an increase of 0.72 percent, affected by price rise in groups, namely 'metal tools and tools' by 18.27 percent, 'musical instruments' by 3.69 percent, 'office, accounting and computing machinery' by 1.44 percent and 'general, purpose machinery' by 1.25 percent and 'transport' by 1.06 percent.

As for the decrease, it was recorded in three groups that were 'radio, television, and communication equipment' by 2.83 percent, 'machinery and electrical appliances' by 1.41 percent, and 'medical appliances precision and optical' by 0.16 percent.

The MEPI is one of the economic indicators produced by the Authority. This indicator is calculated as semi-annual, with the base year of 2013.

An analysis on an h-o-h basis of MEPI in the second half of 2022 against the first half of 2021 shows that seven of the main groups registered increase.



Qatar Chamber First Vice-Chairman Mohamed bin Ahmed bin Twar Al Kuwari in a meeting with National Institute of Hydraulic Resources of the Republic of Cuba President Antonio Rodriguez and his accompanying delegation in Doha on Thursday.

Qatar Chamber seeks to enhance investment relations with Cuba

TRIBUNE NEWS NETWORK
DOHA

QATAR Chamber First Vice-Chairman Mohamed bin Ahmed bin Twar Al Kuwari met on Thursday with National Institute of Hydraulic Resources of the Republic of Cuba President Antonio Rodriguez and his accompanying delegation.

The meeting was also attended by the Ambassador of the Republic of Cuba HE Oscar Leon Gonzalez.

The meeting touched on economic and commercial relations between both countries and ways to enhance cooperation between the Qatari private sector and its Cuban counterpart, especially in the field of construction and operation of water networks and stations.

It also discussed the business opportunities offered by the Cuban side in the sector of water resources.

On his part, Twar praised the close relations between Qatar and Cuba and the common desire to develop them, noting that there are many areas for cooperation between them, especially in economic and investment aspects.

HE assured that Qatar Chamber is keen to boost cooperation ties between Qatari businessmen and their counterparts from world countries, calling Cuban businessmen to invest in Qatar and take advantage of the incentives offered for the foreign investor and the advanced infrastructure and leading economic legislation.

Twar also pointed out that the Qatari private sector is interested in learning about investment opportunities available in Cuba, indicating that Qatar Chamber encourages Qatari investors to invest in Cuba, especially in line with the state's economic diversification strategy and expanding investments in friendly countries.

In turn, Antonio Rodriguez said that the objective of the delegation's visit is to inform the Qatari side of the investment opportunities available in Cuba and exchange views on developing cooperation in the water sector.

Rodriguez called on Qatari investors to invest in his country which offers plenty of opportunities in various fields.

QNB ECONOMIC COMMENTARY

Southeast Asia is set to re-take its leading growth position in '23

Pre-pandemic, Southeast Asia was one of the most dynamic economic regions in the world, prompting opportunity and growth at a significant scale for decades. This was particularly the case with the six largest economies of the Association of Southeast Asian Nations (ASEAN-6), including Indonesia, Thailand, Singapore, Malaysia, Vietnam and the Philippines. In fact, ASEAN-6 economies have been outperforming most other countries when it comes to GDP growth until the beginning of 2020.

However, this multi-decade picture has changed markedly with the turnaround brought by the Covid-19 pandemic. Following the shock caused by the global spread of Covid-19, ASEAN-6 countries became laggards rather than leaders in terms of short-term economic performance. This was caused by a slower start to massive immunization, less policy stimulus and a slowing China. Even the partial re-opening from last year was not enough to place the region at more normal levels of relative performance, particularly after a rather weak 2021. But we expect to see ASEAN-6 countries recovering to shine again as one of the hot spots for growth globally in 2023.

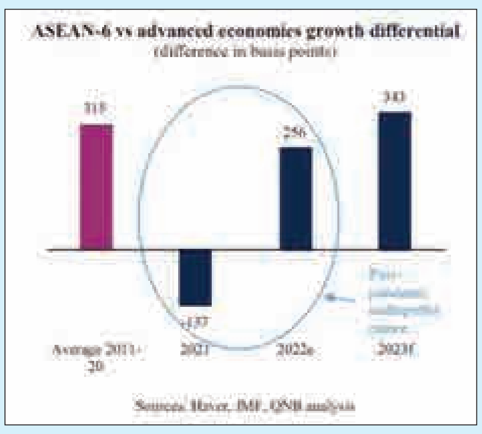
For the first time in two years, the ASEAN-6 growth differential versus advanced economies is expected to surpass their historic long-term norms. The growth differential is a key metric for emerging markets to measure the "gap", i.e., the economic growth required in order to reach the level of income per capita in advanced economies, also known as "catch up. The larger the gap, the longer it will take and the higher the growth is required to catch up. Periods of underperformance, such as in the immediate aftermath of the pandemic, tend to delay the catch up.

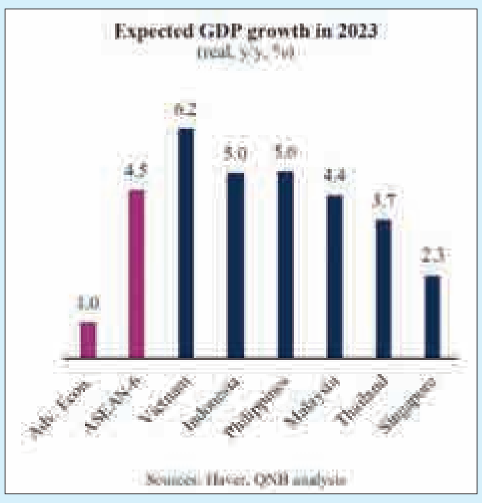
Historically, pre-pandemic, while advanced economies present a long-term growth average of 1.85%, ASEAN-6 economies present an average of 5%. This growth differential of 315 basis points, if maintained overtime, suggests that ASEAN-6 countries could relatively quickly catch up to the level of income per capita of advanced economies.

Advanced economies are expected to slow down further this year, while ASEAN-6 economies are more resilient to the current macro scenario and should present robust, mid-single digit growth. Three factors underpin our expectations for an above average outperformance for ASEAN-6 countries.

First, the outlook for advanced economies is particularly challenging, due to a significant accumulation of macro imbalances and the negative impact from idiosyncratic geopolitical shocks. This includes the effects of too much post-pandemic stimulus, tight labour markets and the Russo-Ukrainian War. High inflation, lower real disposable incomes, rising interest rates, less policy support and the European energy crisis should weigh on growth in advanced economies, producing below average performance.

Second, ASEAN-6 countries are not exposed to the same types of economic imbalances that most advanced economies are expected to suffer from over the next several quarters. In contrast to countries struggling with tight labour markets, high inflation, energy supply constraints and exhausted policy space for more stimulus, ASEAN-6 countries are still operating mostly with some spare capacity from the pandemic shock. This suggests that there is more space to grow or even stimulate their economies beyond GDP potential for some time without producing undue persistent inflation. Moreover, ASEAN-6 countries present adequate external buffers to smooth out the effects of tighter global liquidity and slower growth in advanced economies. This protects their currencies against depreciation and therefore prevents disruptive spikes in imported prices, allowing for less restrictive monetary policies and more supportive credit conditions.





Third, the China economic re-opening is set to spillover into the broader Asia region, spurring growth. China is rapidly pivoting away from Zero Covid policies, i.e., travel bans, lockdowns and ultra-tight social distancing measures that aim to supress waves of new virus cases. In addition, the largest Asian economy is also gearing up policy efforts to stimulate their economy. Chinese growth has a high multiplying effect, often spilling over globally and particularly to the ASEAN-6 countries. This is the case when it comes to the export-oriented manufacturers of "Factory Asia," such as Thailand, Malaysia and Vietnam, and commodity producers, such as Indonesia, Malaysia and the Philippines. Regional tourism should also receive a significant boost with the return of Chinese travellers. This forms a materially positive backdrop for growth across ASEAN-6 countries.

All in all, slower growth in advanced economies, more robust domestic macro fundaments and the Chinese re-opening should favour the return of ASEAN-6 economic outperformance. While this is positive and indicates that the path of catching up with advanced economies is back on track, it is worth to note and mention that the growth rate of the ASEAN-6 economies is still below the pre-pandemic growth average of 5%.

— By QNB Economics Team

Google axes 12,000 jobs as layoffs spread across tech sector

AGENCIES

GOOGLE is laying off 12,000 workers, or about 6% of its workforce, becoming the latest tech company to trim staff as the economic boom that the industry rode during the COVID-19 pandemic ebbed.

CEO Sundar Pichai informed staff Friday at the Silicon Valley giant about the cuts in an email that was also posted on the company's news blog.

The firings adds to tens of thousands of other job losses recently announced by Microsoft, Amazon, Facebook parent Meta and other tech companies as they tighten their belts amid a darkening outlook for the industry. Just this month, there have been at least 48,000 job cuts announced by major companies in the sector.

"Over the past two years we've seen periods of dramatic growth," Pichai wrote. "To match and fuel that growth, we hired for a different economic reality than the one we face today." He said the layoffs reflect a "rigorous review" carried out by Google of its operations.

The jobs being eliminated "cut across Alphabet, product areas, functions, levels and regions," Pichai said.

In a regulatory filing late last year, the company said that it employed nearly 187,000 people.

Pichai said that Google, founded nearly a quarter of a century ago, was "bound to go through difficult economic cycles." "These are important moments to sharpen our focus, reengineer our cost base, and direct our talent and capital to our highest priorities," he wrote.

There will be job cuts in the U.S. and in other countries, according to Pchai's letter.

Earlier this week, Microsoft announced 10,000 job cuts, or nearly 5% of its workforce. Amazon has said its cutting 18,000 jobs, although that's a fraction of its 1.5 million strong workforce. Facebook parent Meta is shedding 11,000 positions, or 13% of its workers, while business software maker Salesforce is laying off about 8,000 employees, or 10% of the total. Twitter CEO Elon Musk has slashed jobs at the company after he acquired it last fall.

Employment in the U.S. has been resilient despite signs of a slowing economy, and there were another 223,000 jobs added in December. Yet the tech sector grew exceptionally fast over the last several years due to increased demand as employees began to work remotely.

CEOs of a number of companies have taken blame for growing too fast, yet those same companies, even after the latest round of job cuts, remain larger than they were before the economic boom from the pandemic began.

Qatar Insurance Group extends support to Doha Marathon

TRIBUNE NEWS NETWORK
DOHA

QATAR Insurance Group (QIC), the leading insurer in Qatar and the MENA region joined along other partners in sponsorship of the "Doha Marathon by Ooredoo 2023" which took place on Friday (January 20).

This year, runners were able to choose from multiple running categories including 1km, 5km, 10km, 21km and 42km making it an event that welcomed people of all ages and abilities. The course kicked off at Parade Pavilion, The Amir's Grandstand – Al Corniche and then towards Katara, Lusail and back to Al Corniche, giving the 8,000 registered runners and spectators a view of Doha's most iconic landmarks.


Rashid Al-Buainain, QIC Group Acting Chief Administrative Officer

"Qatar Insurance Group believes in the positive power of sports to bring people together towards a shared purpose. That's why we are proud to be able to lend our insurance capabilities in support of activities that align with our values, and to continue to highlight Qatar's prominent role in the world of sports. This sponsorship comes in recognition of the important role that QIC Group occupies and plays in the Qatari society and is part of a continued effort to find and support unique initiatives and events that are in line with our corporate social responsibility (CSR) strategy," said Rashid Al-Buainain, QIC Group Acting Chief Administrative Officer.

Qatar Insurance Company (QIC) is a publicly-listed composite insurer with a consistent performance history of over 50 years and a global underwriting footprint. Founded in 1964, QIC was the first domestic insurance company in the State of Qatar. Today, QIC is the market leader in Qatar and a dominant insurer in the GCC and MENA regions. QIC is also one of the largest insurance companies in the MENA region in terms of gross written premium and total assets. It is listed on the Qatar Stock Exchange and has a market capitalization in excess of QR6.5 billion. QIC was crowned as the best online insurance company in the Middle East at the Global Banking & Finance Review Awards 2022.

WEEKLY ENERGY MARKET REVIEW

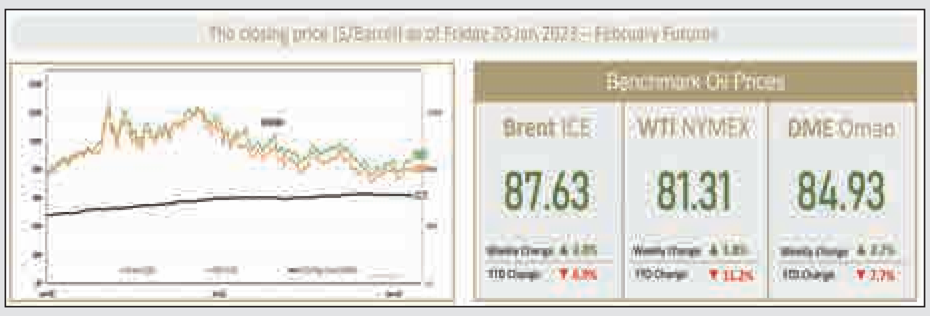
Oil rises more than 1% on China demand outlook

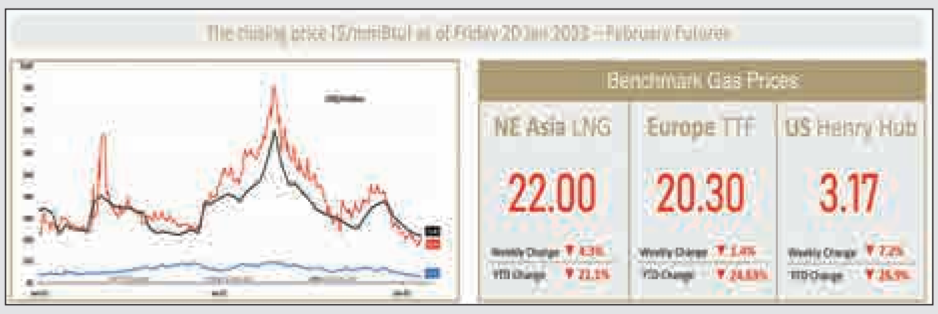
Oil settled up about $1 a barrel on Friday and notched a second straight weekly gain as China's economic prospects brightened, boosting expectations for fuel demand in the world's second-biggest economy. China's lifting of COVID-19 restrictions should bring global demand to a record high this year, the International Energy Agency (IEA) said on Wednesday, a day after OPEC also forecast a Chinese demand rebound.

Brent crude closed at $87.63 a barrel, up $1.47, or 1.7%. U.S. WTI crude settled at $81.31 a barrel, gaining 98 cents, or 1.2%. For the week, Brent logged a 2.8% increase and the U.S. WTI benchmark saw a 1.8% rise. Oil was supported by hopes that the U.S. Federal Reserve will soon downshift to smaller interest rate hikes, which could brighten the U.S. economic outlook, analysts said.

Also helping oil prices, Baker Hughes said the U.S. oil rig count fell 10 to 613, its lowest since November.

The oil market has been down on global recession fears, but it is still showing signs it can remain tight a little while longer. Meanwhile, a price cap and sanctions on Russian oil, which have been rippling through the global market, are gradually acquiring some price impact and will become more of a bullish factor.





Asian LNG falls on ample inventories, tepid demand

Asian spot liquefied natural gas prices fell for the fifth week in a row on ample inventories and tepid demand ahead of the Lunar New Year holiday, amid low gas prices in Europe where storage levels are above the five-year average.

The average LNG price was $22 per million British thermal units (mmBtu), down $1, or 4.3%, from the previous week, industry sources estimated. Prices have fallen more than 21% since the start of 2023. Volatility came back early this week with southeast Asian players buying a block of cargoes which, while done sub-$20, did push sentiment on supply reduction.

In Europe, gas prices were down amid healthy storage levels and supply. Given that storage is over 80% full and on track to end the withdrawal season at 16% above the five-year average, upward price momentum will be limited, analysts said.

In the U.S., natural gas futures fell 3% on Friday to a 19-month low, on forecasts of less cold weather and lower heating demand than previously expected, which should allow utilities to pull less gas from storage than usual for at least a third week in a row. Also weighing on prices, more traders believed Freeport LNG export plant in Texas would not return to service until February or later.

— By The Al-Attiyah Foundation

Twitter bird statue fetches $100,000

AGENCIES

A Twitter bird statue fetched $100,000 on Wednesday as Elon Musk auctioned off furniture, decorations, kitchen equipment and more from the tech firm's downtown San Francisco headquarters.

An online auction of "surplus corporate office assets of Twitter" that lasted slightly more than 24 hours also featured a 10-foot neon light in the shape of Twitter's bird logo, which brought in a winning bid of $40,000, Heritage Global Partners auction service confirmed.

Among the 631 lots were espresso machines, ergonomically correct desks, televisions, bicycle-powered charging stations, pizza ovens and a decorative planter shaped like an "@" sign.

Musk in December said that severe cost cuts at Twitter had repaired the company's dire finances as he set out to find a new CEO for his troubled social media platform.

Musk said he had been "cutting costs like crazy".

UK shoppers cut back on spending

AGENCIES

BRITISH consumers pinched by inflation cut spending by the most in at least 25 years in the critical shopping month of December, official data showed on Friday, dashing hopes for a Christmas boost for the country's flagging retail sector.

Sales were down by 5.8% compared with December 2021, the biggest fall for that month in records going back to 1997 and the ninth month in a row that they fell in annual terms.

Month-over-month, sales unexpectedly fell by 1% from November, the Office for National Statistics (ONS) said, confounding a forecast for a 0.5% increase in a Reuters poll of economists.

Olivia Cross, with consultancy Capital Economics, said the surprise fall suggested that some of the resilience seen in the economy toward the end of last year petered out in December.

"What's more, we think the bulk of the drag on activity from high inflation and rising interest rates has yet to be felt and will weigh more heavily on retail spending and the overall economy in 2023," she said.

A survey published earlier on Friday showed the first drop in three months in consumer confidence in January, which fell close to its lowest level since 1974.

Britain's economy is widely expected to fall into a recession.

Retail sales volumes fell by 3% in 2022, their worst full-year performance since 1997.

Heather Bovill, the ONS's deputy director for surveys and economic indicators, said food sales had risen in November as shoppers stocked up early for Christmas. Still, they fell again in December, with supermarkets linking the drop to higher food prices and the rising cost of living, she said.

Nonfood stores' sales volumes fell by 2.1% over the month as consumers cut back on nonessential spending. As a result, food sales fell by 0.3% in December after a rise of 1.0% in November.

A view of the city skyline and Huangpu river, ahead of the annual National People's Congress (NPC), in Shanghai, China February 24, 2022.

China economic recovery may be very quick: IMF's Gopinath

She hails China's reopening as positive sign, alongside indications it's ready to re-engage with world

AGENCIES

Economic Counsellor and Director of the Research Department at the International Monetary Fund (IMF) Gita Gopinath

CHINA could see a sharp recovery in economic growth from the second quarter onwards based on current infection trends after the dismantling of most COVID-19 restrictions, IMF Deputy Managing Director Gita Gopinath said on Wednesday.

Speaking to Reuters on the sidelines of the World Economic Forum in Davos, Gopinath also reiterated the Fund's calls for nations to avoid a descent into protectionism.

She hailed China's reopening as a positive sign, alongside indications it was ready to re-engage with the world.

"We expect growth in China to come back, to rebound," Gopinath told Reuters in an interview.

"Looking at the infection trends, and if those persist, we could see a very quick recovery starting from after the first quarter of this year," she said of a current surge in infections seen as an "exit wave" linked to the economic reopening.

China's economy grew 3.0% in 2022, one of its worst economic performances in nearly half a century, hit by strict COVID curbs and a property market slump.

Economists polled by Reuters see Chinese growth in 2023 at around 4.9%, with some of them recently upgrading forecasts to around 5.5%.

Gopinath said that a growth rate "in the 4%-plus ballpark" would likely mean that any global inflationary pressures would be counterbalanced by the slowdown in demand elsewhere.

"But if growth in China comes in much more strongly, which is a possibility, then we could see another spike in oil prices or energy prices," she said.

Asked about recent U.S. inflation readings that suggest a cooling, Gopinath said it was too early to say for sure whether they meant that inflation was heading durably back down to the U.S. Federal Reserve's target of 2%.

"If we get readings similar to what we saw in the last month or two for another few months then we'll be in a good place," she said, noting that the labour market remained tight.

Gopinath reaffirmed the Fund's concern that geopolitical tensions would lead countries towards protectionism as they tried to shore up their economic security.

Asked about the U.S. Inflation Reduction Act package of measures to boost green transition investment, she said it treated electric vehicles in a discriminatory way by favoring U.S. producers over other manufacturers.

Washington said on Tuesday it was trying to address European concerns over the $369 billion plan.

"The administration of the U.S. is rethinking this and thinking of ways for it become less discriminatory," said Gopinath. "Our only request would be for it to do this for all your partners and not just a subset of them."

US struggles to avoid looming default after hitting debt ceiling

AGENCIES

THE U.S. government ran up against its legal borrowing capacity of around $31.4 trillion on Thursday, amid a standoff between the Republican-controlled House of Representatives and President Joe Biden's Democrats that could lead to a fiscal crisis in a few months.

Treasury Secretary Janet Yellen informed congressional leaders, including House Speaker Kevin McCarthy, that her department had begun using "extraordinary" cash management measures that could stave off default until June 5.

An artificially imposed cap, the debt ceiling has been increased roughly 80 times since the 1960s.

Republicans, with a newly won House majority, aim to use the time until the Treasury's emergency maneuvers are exhausted to exact spending cuts from Biden and the Democrat-led Senate.

Yellen warned that the June date was subject to "considerable uncertainty" due to the challenge of forecasting payments and government revenues months into the future. "I respectfully urge the Congress to act promptly to protect the full faith and credit of the United States," Yellen told congressional leaders in a Thursday letter.

But there was no sign that either Republicans or Biden's Democrats were willing to budge.

Republicans are pursuing a "debt prioritization" plan that would seek to avert default by urging the Treasury to prioritize debt payments, and possibly other priorities such as Social Security and Medicare, should the limit be breached during negotiations. Republicans hope to complete the legislation by the end of March.

Brian Deese, director of the White House National Economic Council, on Thursday emphasized the risks of uncertainty over whether the U.S. will honor its debts to the country's own economy, as well as its global standing.

"This is not that complicated. This is not about new initiatives or new opportunities. This is about meeting the obligations that this country has already made," Deese said in an interview with CNN.

Japan Inc finally giving raises, just not to everyone

AGENCIES

JAPAN'S top companies are gearing up to offer their biggest wage increases in decades, but there's no way Hideki Kawada can afford raises for the 18 employees at his printing firm.

Prime Minister Fumio Kishida has called on Japan Inc to increase pay and reverse decades of flat wages that have squeezed growth in the world's third-largest economy.

Fast Retailing Co Ltd, which owns clothing giant Uniqlo, said it would boost pay by up to 40%, fueling expectations big manufacturers will offer more at annual wage talks with unions this spring.

Yet the small companies that provide most of Japan's jobs generally can't increase pay, business owners, economists and officials say. Battered by the pandemic, small firms now struggle to pass on higher costs out of fear of losing customers.

That's bad news for both Kishida and the central bank, which wants to wind down years of stimulus. The lack of broad wage growth illustrates Japan's struggle to escape a deflationary spiral that has forced households and businesses to scrimp instead of spend.

"Sure we can give raises, that's easy, but we'd be out of business in two years," said Kawada, whose Tokyo company, Kowa, prints advertisements and brochures.

The cost of paper went up three times last year and his ability to raise prices is limited by competition.

"The companies that can hold out and offer lower prices, even temporarily, get the work," he said. "Everyone's losing money, so it's just a case of enduring as long as you can until the other guys go out of business." Kawada has taken the company his father founded into web production and video, but doesn't see enough of a future to pass it down to his son. He is considering shutting it when he retires.

A worker assembles an air drill at the factory of manufacturer Katsui Kogyo in Higashiosaka.

Japan's largest labor group, Rengo, has called for a 5% pay increase at spring talks and big firms are seen offering around 2.9%, the biggest bump in 26 years.

Some members of Tokyo Union, which represents around 600 workers mainly at small companies, will see "a little bit of a raise, if they really demand it," said deputy chairman Tatsuya Sekiguchi.

Last year some workplaces kept up with the cost of living and very few got a little extra, he said. Many workplaces still haven't recovered from the pandemic, he said. Small and mid-size firms account for 99% of the companies in Japan and almost 70% of employment, according to a 2016 government survey, the latest available.

They form the backbone of manufacturing, or monozukuri, built on tiers of suppliers from tiny subcontractors up. Toyota Motor Corp has some 60,000 suppliers.

Small companies want to raise wages but are at the mercy of customers, said Takumi Tsunoda, a senior economist at Shinkin Central Bank Research Institute.

"Their biggest worry is that customers will shift to another supplier. They feel they have no choice but to put up with impossible demands from big companies." Small and medium-sized firms are passing on just 47% of higher costs to buyers, a September survey from the ministry of trade and industry showed. That was "not sufficient" and a sign suppliers were shouldering a lot of the burden, said ministry official Hiroyuki Sameshima.

The trend is most apparent in industries with many small suppliers. Trucking companies, for example, are able to pass on only 19% of their cost increases, he said.

The fair trade watchdog last month named 13 big companies it said refused to accept higher prices from suppliers. None were accused of illegal activity, but the public shaming was seen as attempt to get them to pay more.

Kazeya Ono, a 28-year-old clothing store worker, said he can't imagine the wage situation ever improving.

"Our generation was born after Japan's bubble burst. We have never seen a booming economy." In dollar terms, Japan's average annual pay totalled $39,711 in 2021, well below the OECD average of $51,607 and little changed from the early 1990s. That's put pressure on household consumption, which accounts for more than half of Japan's economy.

Real wages, which take into account inflation, have had their biggest hit in eight years.

Sustained wage increases will remain elusive as long as many unprofitable small companies remain, said Masaaki Kanno, chief economist at Sony Financial Group and a former central bank official.

Weak companies have been helped by government stimulus, especially through the pandemic.

Low-wage workers cope by cutting back spending. Part-timers are often housewives who do things like focus on collecting loyalty points to save money, said Keitaro Kawakami, research adviser at Shufu JOB Research Institute.

Kawada, the print shop owner, hasn't taken on a new graduate in nearly 20 years - even though they are cheaper than mid-career hires. He can't guarantee a job for life for a younger worker.

"If we go out of business, it won't just be a problem for me, but for the employees and their families," he said. "We have to find a way to survive as a company and do our best together."

QT Economy & Business

Musk takes witness stand to defend Tesla buyout tweets

The tweets resulted in a $40 million settlement. It also led to a class-action lawsuit alleging Elon Musk misled investors, pulling him into court

AGENCIES

In this courtroom sketch, Elon Musk appears in federal court in San Francisco, Friday, Jan. 20, 2023.

ELON Musk took the witness stand Friday to defend a 2018 tweet claiming he had lined up the financing to take Tesla private in a deal that never came close to happening.

The tweet resulted in a $40 million settlement with securities regulators. It also led to a class-action lawsuit alleging he misled investors, pulling him into court for about a half hour Friday to deliver sworn testimony in front of a nine-person jury and a full room of media and other spectators.

The trial was then adjourned for the weekend and Musk was told to return Monday to answer more questions.

In his initial appearance on the stand, Musk defended his prolific tweeting as "the most democratic way" to distribute information even while acknowledging constraints of Twitter's 240-character limit can make it difficult to make everything as clear as possible.

"I think you can absolutely be truthful (on Twitter)," Musk asserted on the stand. "But can you be comprehensive? Of course not," Musk's latest headache stems from the inherent brevity on Twitter, a service that he has been running since completing his $44 billion purchase of it in October.

The trial hinges on the question of whether a pair of tweets that Musk posted on Aug. 7, 2018, damaged Tesla shareholders during a 10-day period leading up to a Musk admission that the buyout he had envisioned wasn't going to happen.

In the first of those two 2018 tweets, Musk stated "funding secured" for a what would have been a $72 billion buyout of Tesla at a time when the electric automaker was still grapping with production problems and was worth far less than it is now. Musk followed up a few hours later with another tweet suggesting a deal was imminent.

After it became apparent that the money wasn't in place to take Tesla private, Musk stepped down as Tesla's chairman while remaining CEO as part of the Securities and Exchange Commission settlement, without acknowledging any wrongdoing.

The impulsive billionaire came into court wearing a dark suit and tie on the third day of the civil trial in San Francisco that his lawyer unsuccessfully tried to move to Texas, where Tesla is now headquartered, on the premise that media coverage of his tumultuous takeover of Twitter had tainted the jury pool.

The jury that was assembled earlier this week focused intently on Musk while he answered questions posed by Nicholas Porritt, a lawyer representing Tesla shareholders. At one point, Musk asked Porritt if he would speak closer to the microphone so he could hear him better. At other times, Musk craned his neck as he gazed around the courtroom.

Musk, 51, said he cares "a great deal" about investors and also railed against short sellers who make investments that reward them when a company's stock price falls. He called short selling an "evil" practice that should be outlawed, denigrating those who profit from it as "a bunch of sharks." When shown communications from Tesla investors urging him to curtail or completely stop his Twitter habit before the 2018 buyout tweet, Musk said he couldn't remember all those interactions from years ago, especially since he gets a "Niagara Falls" of emails.

Even before Musk took the stand, U.S. District Judge Edward Chen had declared that the jurors can consider those two tweets to be false, leaving them to decide whether Musk deliberately deceived investors and whether his statements saddled them with losses.

Musk has previously contended he entered into the SEC settlement under duress and maintained he believed he had locked up financial backing for a Tesla buyout during meetings with representatives from Saudi Arabia's Public Investment Fund.

An expert on corporate buyouts hired by shareholder lawyers to study the events surrounding Musk's proposal to take Tesla private spent the bulk of his three hours on the stand Friday deriding the plan as an ill-conceived concept.

"This proposal was an extreme outlier," said Guhan Subramanian, a Harvard University business and law professor for more than 20 years. "It was incoherent. It was illusory." In a lengthy cross examination that delayed Musk's appearance, a lawyer for Tesla's board of directors tried to undermine Subramanian's testimony by pointing out that it relied on graduate student assistance to review some of the material related to the August 2018 tweets. The lawyer, William Price, also noted Subramanian's $1,900-per-hour fee for compiling his report for the case.

The trial over his Tesla tweets come at a time when Musk has been focusing on Twitter while also serving as the automaker's CEO and also remaining deeply involved in SpaceX, the rocket ship company he founded.

Musk's leadership of Twitter — where he has gutted the staff and alienated users and advertisers — has proven unpopular among Tesla's current stockholders, who are worried he has been devoting less time steering the automaker at a time of intensifying competition. Those concerns contributed to a 65% decline in Tesla's stock last year that wiped out more than $700 billion in shareholder wealth — far more than the $14 billion swing in fortune that occurred between the company's high and low stock prices during the Aug. 7-17, 2018 period covered in the class-action lawsuit.

Tesla's stock has split twice since then, making the $420 buyout price cited in his 2018 tweet worth $28 on adjusted basis now. The company's shares were trading around $133.42 Friday, down from the company's November 2021 split-adjusted peak of $414.50.

After Musk dropped the idea of a Tesla buyout, the company overcame its production problems, resulting in a rapid upturn in car sales that caused its stock to soar and minted Musk as the world's richest person until he bought Twitter. Musk dropped from the top spot on the wealth list after the stock market's backlash to his handling of Twitter.

When asked Friday about the challenges that Tesla faced in 2018, he recalled spending many nights sleeping at the automaker's California factory as he tried to keep the company afloat.

"The sheer level of pain to make Tesla successful during that 2017, 2018 period was excruciating," he recalled.

Netflix soars to 230 mn subscribers; co-founder steps down

AGENCIES

U.S. streaming giant Netflix ended last year with more than 230 million global subscribers, it said Thursday, beating analysts' expectations as hits such as "Wednesday" and "Harry & Meghan" enticed new viewers.

"2022 was a tough year, with a bumpy start but a brighter finish," the company said in a letter announcing bumper fourth quarter earnings.

Netflix also announced that co-founder Reed Hastings was standing down as CEO, ending a 25-year leadership that saw the company grow from a rent-by-mail DVD service to an entertainment juggernaut.

Hastings ceded control of Netflix to his two longtime associates Chief Operating Officer Greg Peters and Ted Sarandos, who has been the face of Netflix in Hollywood and had already been named co-CEO.

"It feels like yesterday was our IPO; we were covered in red envelopes," Hastings said during an earnings call. "Hopefully, some of you have held the stock for all 21 years." Netflix became a publicly traded company in early 2002 at an opening price of $15 a share.

Shares in the streaming television service were up nearly 7 percent to $337.31 in after-market trades that followed release of the earnings figures.

The Netflix board has been discussing succession planning for many years, Hastings pointed out in a blog post, joking "even founders need to evolve!" He said he would hold the new job of executive chairman, noting this was a role that tech giant founders often take, using Amazon's Jeff Bezos and Microsoft's Bill Gates as examples.

The changing of the guard was announced as Netflix posted added subscribers that blew past even the most optimistic expectations.

The streaming giant said it enticed 7.7 million new members in three months, bringing Netflix membership around the world to 230 million people.

Netflix praised a successful slate of new content that included horror-themed comedy "Wednesday," saying the "Addams Family" spinoff was the company's third most popular series ever.

Royal tell-all documentary "Harry & Meghan" also scored, Netflix said, as well as "Glass Onion: A Knives Out Mystery" starring Daniel Craig.


Netflix announced that Reed Hastings – seen here in January 2020 – has stepped down as co-CEO of the company he co-founded.

"This is in stark contrast to the first half of the year. Creating the next biggest blockbuster drives subscribers," said tech and media analyst Paolo Pescatore.

The fresh titles helped attract users to a new lower-priced "Basic with Ads" subscription, as consumers cut back on their entertainment spending amid soaring inflation and an uncertain economy.

Revenue in the October to December period, at $7.85 billion, was in line with estimates.

Netflix insists that counting new users is no longer the most important criteria for assessing the company's health and that revenue should instead be the main metric.

"What may be getting lost in the mix is that some number of new subscribers -- we don't know how many -- likely came in on Netflix's ad-supported tier," said Insider Intelligence principal analyst Paul Verna.

"That means, most likely, lower average revenue per subscriber, which is a measure Wall Street will be paying more attention to as Netflix's ad businesses scales up," he said.

Netflix goals this year include "nudging" viewers who use passwords shared by subscribers to pay their own way.

"We have high confidence in our ability to accelerate revenue throughout the course of the year as we scale ads and we launch paid sharing (of accounts)," said Netflix chief financial officer Spencer Neumann.

Netflix faces strong competition from deep-pocketed rivals, including Disney+, which has also introduced an ad-based subscription.

But despite the challenges, Netflix is one of the rare tech giants to have garnered confidence from Wall Street with its share price up almost 50 percent in the past six months.

Other tech giants and Disney have been hammered on the markets as firms lay off employees and cut costs after a massive hiring and spending spree at the height of the coronavirus pandemic.