

Business

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Hong Kong ends longest recession in decades

Economy remains below pre-pandemic levels, recovery uneven

HONG KONG: Hong Kong's economy jumped back into growth in the first quarter of the year, official figures showed yesterday, ending the city's most pronounced period of recession in its modern history. The international financial hub has been battered the last two years by a triple whammy of the US-China trade war, months of social unrest and then the coronavirus pandemic.

It recorded six consecutive quarters of negative growth, a more prolonged downturn than during both the 1997 Asian financial crisis and the 2007-08 global crash. That came to an end on Monday when the government announced the economy grew 7.8 percent on year in the first three months of 2021. Hong Kong was one of the few places in the world unlucky enough to enter the coronavirus pandemic already mired in a deep recession.

In 2019, months of huge and often violent pro-democracy protests coincided with swirling trade tensions between Beijing and the United States, pummeling the economy that acts as an international gateway to China. The city was among the first places outside mainland China to record a coronavirus infection, and the economy plunged by a record-breaking 9.1 percent in the first quarter of 2020.

Since then, Hong Kong has managed to keep the virus' spread down to a little more than 11,000 infections thanks to strict quarantine and economi-

cally punishing social distancing measures. This year's economic rebound was largely sparked by a sharp resurgence in exports fueled by recoveries in both China and the United States.

Financial secretary Paul Chan has forecast full-year growth of 3.5 to 5.5 percent in 2021. But the city has warned that the economy remains below its pre-pandemic levels and the recovery will be uneven. Coronavirus restrictions are keeping Hong Kong all but closed to those without work permits and people who do arrive need to undergo three weeks of compulsory hotel quarantine.

The tourism and retail sectors remain on their knees and unemployment is around seven percent, its highest rate in years. While political stability has returned, an ongoing crackdown on dissent and moves to make semi-autonomous Hong Kong more like the authoritarian mainland continue to rattle business confidence. A quick journey out of the pandemic looks unlikely as well.

The city has managed to secure ample doses of coronavirus vaccines, but many residents are hesitant to listen to a government that suffers from a palpable trust deficit. So far just 12 percent of the city's 7.5 million residents have taken one or more vaccine doses. "[It's] too early to talk about a full recovery of the Hong Kong economy from COVID," Iris Pang, chief economist for Greater China at ING Bank, told Bloomberg News. —AFP



HONG KONG: A man takes photos as he stands on a Kowloon promenade next to Victoria Harbor that provides views of the city skyline yesterday. —AFP

Budget carrier flydubai posts big 2020 loss

DUBAI: Budget carrier flydubai reported Sunday heavy losses for 2020, calling it "one of the toughest years in aviation history" due to the pandemic and the grounding of its Boeing 737 MAX fleet. The government-owned carrier, a sister of aviation giant Emirates, said it sank into the red to the tune of \$194 million, compared to a \$53.9 million profit the previous year, while revenues plummeted by more than half to \$773 million.

"We managed the combined effects of the pandemic and continued grounding of the MAX aircraft on our operations, but undoubtedly they have had a severe impact on our results," CEO Ghaith Al Ghaith said in a statement. "The COVID-19 pandemic has impacted us more than any other crisis."

Boeing remains under heavy scrutiny after two fatal crashes that led to a 20-month grounding of the MAX jets. The global shutdown imposed in March ravaged international air travel and flydubai's operations were sharply curtailed for 14 weeks until July. Passenger numbers sank to 3.2 million over the year, compared to 9.6 million in 2019.

However, Dubai became one of the first destinations to reopen to tourism last year, making it a magnet for visitors from all over the world. "This increased demand contributed to flydubai's recovery in the second half of 2020. It is expected to continue in 2021," the airline said. The carrier's employees shrank from 3,922 to 3,796 over the year, and 1,092 others were on unpaid or voluntary leave.

"The challenges we faced in 2020 meant that there were difficult decisions to be made," Al Ghaith said. "Our employees had to take periods of unpaid leave or work at reduced salary levels. I fully recognize that this created some hardship, but it has meant that we have been able to maintain employment levels." —AFP

Algeria president seeks to calm social anger

ALGIERS: Algerian President Abdelmadjid Tebboune on Sunday urged his government to open "a dialogue" with social partners to appease mounting social anger. Unemployment at 15 percent, soaring prices and shortages of basic food items have all added to turmoil caused by a deep economic crisis due to the fall in oil revenues and political deadlock since the popular Hirak pro-democracy uprising two years ago.

During a cabinet meeting, Tebboune ordered "a dialogue with different social partners to improve the socio-professional situation" of employees in the education and health sectors, a statement said. Meanwhile, firefighters and other civil protection personnel marched in uniform not far from the headquarters of the Algerian presidency. Firefighters took to social

Verizon to sell Yahoo, AOL for \$5bn to private equity firm

WASHINGTON: Verizon announced yesterday it was selling faded Internet stars Yahoo and AOL to a private equity firm for \$5 billion, ending the media ambitions of the telecoms giant. The deal with Apollo Global Management also includes the entire Verizon Media unit, including the advertising tech operations of the two brands.

Verizon will retain a 10 percent stake in the

company, which will continue to be led by chief executive Guru Gowrappan, the company said in a statement. Verizon acquired Yahoo in 2017 for some \$4.5 billion, ending the run for one of the storied brands of the early internet. It merged Yahoo into its division with AOL, another star of the early Internet era, which Verizon acquired in 2015.

Both AOL and Yahoo lost traction - and lofty market valuations - as Internet users shifted to newer platforms such as Google and Facebook. "We are thrilled to help unlock the tremendous potential of Yahoo and its unparalleled collection of brands," said Reed Rayman, private equity partner at Apollo.

"We have enormous respect and admiration for the great work and progress that the entire



organization has made over the last several years, and we look forward to working with Guru, his talented team, and our partners at Verizon to accelerate Yahoo's growth in its next chapter." Apollo's David Sambur added, "We are big believers in the growth prospects of Yahoo and the macro tailwinds driving growth in digital media, advertising technology and consumer internet platforms." —AFP

Pandemic boosted e-commerce in 2020: UNCTAD

GENEVA: The COVID-19 pandemic provided a boost for e-commerce last year, but the digital windfall was not enjoyed equally across the board, a UN study found yesterday. "Although it will take some time to get the full picture of the impact of COVID-19 on e-commerce... a number of developments point to the strong rise in e-commerce in 2020," said the report by the UN Conference on Trade and Development (UNCTAD).

The study crunched data from seven countries - Australia, Britain, Canada, China, Singapore, South Korea and the United States - representing some two-thirds of online trade. Online sales rose 59 percent in Australia, 46.7 percent in Britain, 32.4 percent in the United States and 14.6 percent in China. Turnover rose by 22.4 percent last year to \$2.5 trillion, having increased by some 15 percent in 2018-19, UNCTAD said. By contrast, overall retail sales declined by one percent.

"These statistics show the growing importance of online activities," the report's author, Torbjorn Fredriksson, told AFP. They also



BEIJING: A delivery rider for Meituan, one of China's biggest food delivery firms, heads out to make a food delivery after picking it up from a restaurant on April 27, 2021. —AFP

underscore the need for countries, especially developing states, to use such data as they rebuild from the pandemic, said Shamika Sirimanne, head of UNCTAD's technology and logistics section, in a statement.

A standout performer was Jumia, Africa's online retail giant, whose transactions jumped by more than 50 percent in volume in the first six months of 2020 compared with the first half of 2019, Fredriksson said. —AFP

media to say that police broke up the demonstration with tear gas.

On Thursday, Algeria released on probation Karim Tabbou, a leading opposition activist, after his arrest the previous day. Tabbou, who was handed a one-year suspended sentence last year for "undermining state security", was charged on eight counts, including "slander", after he allegedly heckled an official during a funeral. Tabbou and other government opponents have pledged to boycott upcoming polls.

The head of the electoral authority (ANIE), Mohamed Charfi, said this week that 1,730 lists - 818 party lists and 912 "independent lists" - had registered for the legislative elections in June. But he said only 19 parties out of the 39 that had submitted their documents "meet the legal requirements". The Hirak protest movement was sparked over president Abdelaziz Bouteflika's bid for a fifth term in office.

The ailing autocrat was forced to step down weeks later, but the Hirak has continued its demonstrations, demanding a sweeping overhaul of a ruling system in place since Algeria's independence from France in 1962. —AFP



ALGIERS: Members of the Algerian Civil Protection holding a national flag chant as they march towards the service's headquarters on Sunday. —AFP