

## Business

# Pompeo says US looking 'very closely' at Qatar-Air Italy deal

## Deal violates an agreement Qatar Airways reached in 2018: US

**WASHINGTON:** The United States is scrutinizing state-owned Qatar Airways' acquisition of a 49 percent stake in Air Italy, which has been flying to US destinations since June in a move seen by US lawmakers as flouting a deal not to add new flights to the domestic market. Questioned repeatedly about the acquisition during a US Senate hearing, Secretary of State Mike Pompeo said on Wednesday, "We're looking very closely at this recent decision by Qatar to take on 49 percent of this airline." Both Republicans and Democrats at the Senate Foreign Relations Committee hearing said they were concerned that the deal with the Italian carrier violated an agreement Qatar Airways reached with the United States in early 2018.

"There are lots of consultations taking place," Pompeo said. In January, US and Qatari officials met to discuss civil aviation matters, the State Department said earlier this year. Since 2015 the largest US carriers - Delta Air Lines, American Airlines Group and United Airlines - have argued their Gulf rivals are being unfairly subsidized by their governments, distorting competition.

Gulf airlines have always denied those accusations and last year the three major Middle Eastern carriers reached a voluntary agreement, saying they would not add new flights to the United States. However, Air Italy has been flying to New York and Miami



since June last year and was due to start serving San Francisco and Los Angeles from this month and Chicago in May. Qatar Airways acquired 49 percent of Italian airline Meridiana in 2017, re-branded it Air Italy and transformed it into a carrier with five announced non-stop US destinations from Milan.

Scott Reed, campaign manager for the Partnership for Open & Fair Skies, a group representing the three largest US airlines and aviation unions, said "the future of this industry - and the jobs it supports - depend on the Trump administration holding Qatar accountable for its trade-cheating actions."

In December, 11 Republican senators wrote a letter to Pompeo suggesting the flights from Milan "were consistent with Qatar Airways pattern of adding subsidized capacity in markets where demand is already well served." Reed said "there is bipartisan concern that Qatar Airways is violating last year's agreement with the United States - making its finances more opaque instead of less and using Air Italy as a proxy to undermine the US airline industry."

An aide to Senator Bob Menendez, the ranking Democrat on the foreign relations committee, noted that January marked the one-year anniversary of agreements between the United States and Qatar on government subsidies to Qatar Airways.

In a side letter to the agreements, the Qatari government indicated there was no intention to launch additional flights from Qatar to US destinations but said some passengers would board flights in Europe before flying to US destinations. — Reuters

## HSBC appoints new regional CEO for MENA, Turkey

**KUWAIT:** HSBC has appointed Martin Tricaud as Chief Executive Officer for the Middle East, North Africa and Turkey (MENAT) region, with effect from 1 June, 2019, subject to regulatory approval.

Martin, who will also be Deputy Chairman of HSBC Bank Middle East Limited, succeeds Georges Elhedery whose appointment to lead HSBC's Global Markets division was previously announced.

In his new role, Martin will move to Dubai to lead HSBC's next period of growth in MENAT, a region that is home to some of the world's most ambitious economic transformation programs, fast-growing capital markets, dynamic international trade hubs and vibrant, tech-savvy consumer sectors, and two of what HSBC describes as its 'Scale Markets' - the eight locations worldwide that drive around 60 percent of Group revenues.

Martin moves to Dubai from Sydney where he has been CEO of HSBC Australia since March 2017, leading the bank's growth agenda there to deepen market share and grow revenues across Retail Banking and Wealth Management, Commercial Banking, Global Banking and Markets and Global Private Banking.

Before Australia, Martin was President and Chief Executive of HSBC Korea and, prior to that, Global Head of Multinationals, Global Banking and Markets, based in London. He began his career in 1989 with Credit Commercial de France (renamed HSBC France in 2000) and

has held a variety of senior roles within the Group, with significant experience in the Middle East. Martin was Regional Head of Corporate and Institutional Banking for the Middle East based in Dubai between 2004 and 2008, Senior General Manager HSBC Egypt from 2001 to 2004, and CEO of Credit International d'Egypte (a subsidiary of Credit Commercial de France) from 2000 to 2001.

Commenting on the appointments, Samir Assaf, CEO Global Banking and Markets, and the HSBC Group executive with responsibility for the MENAT region said: "I am delighted that Martin will be leading the next stage of our growth in MENAT. He brings a wealth of international experience to the role, including real hands-on experience as a banker in the Middle East. Martin inherits a high performing business and a strong team from Georges, who has overseen a significant period of growth for the bank in MENAT and I thank him for his contribution and leadership as regional CEO since 2016."



Martin Tricaud

## US Fed could go 'in either direction' on interest rates

**WASHINGTON:** Federal Reserve members are split between optimism and caution, with some saying an interest rate hike may be still appropriate later this year but others believing they should stand pat, or even cut rates, according to the minutes of last month's policy meeting Wednesday.

Rather than providing a clear course, policymakers signaled their path could "shift in either direction"-raising the possibility of a rate cut-though some central bankers felt raising rates "modestly" later in 2019 could be appropriate if the US economy continues its current expansion.

The Fed has not cut the benchmark lending rate in more than a decade, when it slashed rates to zero during the global financial crisis, but increased it four times last year, the final time in December, before abruptly and clearly calling a pause to any more hikes. Amid a global economic slowdown and President Donald Trump's seemingly non-stop trade confrontations with other major economies, the mix of views showed policymakers see the economy as healthy but liable to be knocked off course.

The Fed's caution came amid signs of a US slowdown in the first quarter, due especially to sagging consumption, as well as fears of "significant negative effects" from trade tensions and international developments such as Brexit. They also cited "disappointing" news on global growth and the fact that the US

economy had gotten less of a boost from fiscal stimulus than they had previously anticipated.

Some policymakers also pointed to the changes in the so-called yield curve-which measures the spread between short- and longer-term Treasury bond rates-saying it "could portend economic weakening."

### High debt, weak spending

While noting that inflation remained tame, Fed officials pointed to the high level of indebtedness among US corporations as an economic hazard. But most believed weakness in consumer spending-a central driver of the US economy-would not last "beyond the first quarter."

Trump recently called on the central bank to cut rates, continuing his unabated jawboning of the central bank, which he has attacked as "crazy" and a threat to the US economy.

After raising rates four times in 2018, the Fed last month slashed its forecast for the number of rate increases expected this year to zero. The pause has cheered markets and the International Monetary Fund this week cited it as one reason global economic growth may show resilience into 2020.

But Ian Shepherdson of Pantheon Macroeconomics said the minutes showed the Fed would not necessarily be "patient forever." "They are happy to be seen as 'patient' for now, but they are cognizant of upside risks to both growth and inflation," he wrote in a note to clients. Inflation has remained tame, even amid record low unemployment, but economists say it could ignite if American wages begin to accelerate.

Wall Street was largely unmoved by the news, with the benchmark Dow Jones Industrial Average eking out a small gain. The central bank's rate-setting Federal Open Market Committee is due to hold its next two-day meeting on April 30 and May 1. — AFP