

BUFFETT, GATES HAVE HOPE FOR AMERICA AFTER TRUMP ASCENSION

NEW YORK: Bill Gates and Warren Buffett on Friday expressed optimism that the United States will move ahead as a nation, even as it works through political differences and gets used to the new Trump administration. The world's two richest people were speaking to students at Columbia University after US President Donald Trump started to unwind the work of his predecessor Barack Obama in a series of executive orders, prompting concern from critics over what the actions mean for Americans and their place in the world.

"I am confident that America will move ahead," Buffett said. Gates, meanwhile, said the desire for innovation and support for research are "strong

and "largely bipartisan," despite differences on how to accomplish and fund both.

"This administration is new enough; we don't know how its budget priorities are going to come out," but there is much intensity to ensure that the executive branch and Congress encourage "amazing things," Gates said. Gates co-founded and was the first chief executive of Microsoft Corp, while Buffett runs the conglomerate Berkshire Hathaway Inc. Forbes magazine said on Friday that Gates is worth \$85.2 billion and Buffett is worth \$73.9 billion.

An estimated 1,300 people attended Friday's event to watch the close friends, who have known

each other for a quarter century. Gates is also a Berkshire director, while Buffett is donating much of his wealth to the charitable foundation set up by Gates and his wife, Melinda.

Both told students it is important to invest and focus on doing good works over the long term, despite the impulse or perceived need for shorter-term thinking.

Gates said this was particularly true in areas such as climate change and vaccinations, calling it just as important to be sure people can get vaccines as it is to develop them.

Buffett said: "It's very hard to have politicians think of something that's wonderful for the coun-

try 20 years from now" if the short-term impact might cost them reelection, with their decisions often tainted by too much money, which he called "bad news."

He also stressed the importance of immigration, a central issue for Trump, whom neither Buffett nor Gates discussed. Buffett said the country has been "blessed" by immigrants, and might have come out quite different had the physicists Albert Einstein and Leo Szilard not in 1939 urged US President Franklin Roosevelt to develop a nuclear program to counter threats from Nazi Germany. "If it weren't for those two immigrants, who knows if we would be sitting in this room," Buffett said. — Reuters

US PIPELINE BACKERS MAKE BIG PROMISES ABOUT JOBS, GROWTH

DALLAS: TransCanada has quickly filed a new application to build Keystone XL, one of two big oil pipelines being given a second chance by President Donald Trump. Former President Barack Obama rejected the Keystone XL in 2015. The Army halted construction of the Dakota Access pipeline last month.

The move by Trump fulfills a campaign promise to revive the projects, which he says will create thousands of jobs and generate taxes for states and communities. However, the number of jobs created and the economic benefits have been hotly debated. Many experts believe any impact on the US economy will be small. Despite Trump's executive orders, both projects face likely court fights by environmental groups, and the Keystone XL pipeline faces uncertain demand from oil shippers.

JOBS

According to a 2014 report by the US State Department, Keystone XL would support about 42,100 jobs including about 3,900 workers directly involved in construction. Workers, including those indirectly supported by the pipeline, would earn about \$2 billion.

Once construction ends and oil starts flowing, the pipeline would support just 35 permanent jobs, according to the report. The Dakota Access project has created about 12,000 construction jobs, according to project leader Energy Transfer Partners LP. But most sections of the pipeline are finished and most of the jobs are too.

ECONOMIC IMPACT

The State Department said that construction of Keystone XL would contribute around \$3.4 billion to the nation's output. The companies building the Dakota Access pipeline say they have spent more than \$3.5 billion and would spend "hundreds of millions a month" to finish the work.

Those sums, however, are insignificant in the \$18 trillion US economy. The XL pipeline would contribute about 0.02 percent to the nation's gross domestic product. "The macroeconomic implications of the latest executive orders on their own will be

relatively minor, in our view" although Trump's orders "reinforce the message that the federal government has become much more pro-business," said Jim O'Sullivan, chief US economist at High Frequency Economics.

Environmental groups say the pipeline companies are overstating the economic benefits of their projects and understating the impact of using tar-sands oil, which they say generates higher carbon emissions in production than other crude. A civil engineer at the University of Nebraska concluded that TransCanada also significantly underestimated the likelihood of major pipeline spills.

TAXES

The State Department estimated that Keystone XL would generate \$70 million in additional state and local taxes during construction and \$55.6 million in property taxes once the pipeline begins operating.

The Dakota Access companies estimate that the project will result in \$156 million in sales and income taxes during construction and \$55 million in annual property taxes.

OIL

Keystone XL would carry about 830,000 barrels a day from Alberta to Nebraska. TransCanada, which is seeking \$15 billion in damages from the United States over the 2015 rejection of its previous application, said it reapplied on Thursday. The State Department has 60 days to make a decision.

At an investor conference earlier this week, TransCanada CEO Russell Girling was optimistic but not convinced that Keystone XL can get built because of uncertainty about demand from oil producers.

"I believe the economics for this project are still there, but we'll see," Girling said. "This wasn't in our planning horizon in the middle of last year. We only have just re-engaged with our shippers on that topic." Afolabi Ogunnaike, an analyst with Wood Mackenzie, said rising costs, continuing opposition from environmentalists, and competition from two other planned pipelines will complicate XL's future. —AP



MEXICO CITY: A front page newspaper headline reads "He did it!" over a picture of US President Donald Trump holding up signed documents, as he took action to jumpstart construction on a promised border wall, in Mexico City. — AP

TRUMP'S MEXICO TAX MOVE RAISES EYEBROWS IN ASIA

EXPORTS TO US DRIVE GROWTH IN MOST ASIAN COUNTRIES

TOKYO: Talk of a possible 20 percent tax on US imports from Mexico raised eyebrows Friday in Asia, where exports to the US drive growth in many economies. Reaction to the news was more muted than it might have been, however, since much of the region was closed for lunar new year holidays.

Japanese officials said Friday they hoped to meet soon with US officials. Finance Minister Taro Aso said the Japanese side should "thoroughly explain" how Japanese companies have been contributing to American society, including creating jobs. "It would be important to exchange opinions to accurately convey the reality and establish a steady relationship," Aso told reporters.

President Donald Trump's press secretary Sean Spicer said the 20 percent tax was among several options to finance building a wall along the US southern border, but no decision has been made.

Mexican President Enrique Peña Nieto (PAYN'-yuh nee-EH'-toh) scrapped a scheduled trip to Washington next week over the issue. He has flatly rejected Trump's assertion that Mexico will pay for the wall on its border.

The peso fell 0.6 percent against the US dollar, to 21.35 pesos to the dollar but recovered to about 21.23 late Friday in Asia. The Japanese yen also weakened against the dollar, to 115.23 yen from Thursday's close of 114.46 yen.

China's official Xinhua News Agency reported that Trump was considering the 20 percent tariff without any editorial comment. However, the report cited unnamed analysts saying Trump would have to withdraw the US from the North American Free Trade Agreement, or NAFTA, to be able to impose such a tax. Trump has said he wants to renegotiate NAFTA.

Though he did not refer directly to Trump, in remarks marking the eve of the lunar new year on Friday, Premier Li Keqiang said, "Above all, we remain convinced that economic openness serves everyone better, at home and abroad."

"The world is a community of shared destiny. It's far preferable for countries to trade goods and services and bond through investment partnerships than to trade barbs and build barriers. Should differences arise, it behooves us all to discuss them with respect and a keen sense of equality," he said.

Uncertainty over future trade ties with the US rose after Trump pulled the US out of a Pacific Rim trade initiative, the Trans-Pacific Partnership, that formed the centerpiece of former President Barack Obama's moves to strengthen US economic ties in the region.

It's unclear how much of Trump's campaign rhetoric will become reality, said Kent Calder, director of Asia Programs at Johns Hopkins School of Advanced International Studies.

"But the general symbolism that America is

growing protectionist I think deeply concerns almost all Asian countries because they are pre-eminent exporters, and many of them heavily dependent on exports and so that has major implications for them, even if this is specifically aimed first of all at Mexico," he said. Japan's chief government spokesman refused comment on tensions over the border wall, but said Tokyo was watching for any impact on Japanese companies.

A steep tariff on exports from Mexico to the US would pinch manufacturers like Toyota Motor Corp., which like nearly all other automakers builds small cars in Mexico to take advantage of its lower wages.

Toyota employs thousands of people at factories in the US, but it also is planning to build a plant in Mexico to make the popular Corolla subcompact. About 70 percent of the vehicles Japanese car makers sell in the US are made in the US, but a tax on cars exported from Japan - 1.8 million last year - would "clearly be a major headwind," Capital Economics' economists Marcel Thieliant and Mark Williams said in a report issued Friday.

Trump also has threatened to impose steep tariffs on imports from China, which ran a \$319 billion surplus with the US in January-November 2016, compared with Japan's \$62.4 billion surplus and Mexico's \$60 billion, according to US figures. —AP



NORTH DAKOTA: In this file photo, workers unload pipes for the proposed Dakota Access oil pipeline that would stretch from the Bakken oil fields in North Dakota to Illinois. The Dakota Access project, which is mostly completed, has created about 12,000 construction jobs, according to project leader Energy Transfer Partners LP. Most of those jobs are over, however. —AP

US AIRLINES EYE HIGHER FARES AFTER POST-POLL TRAVEL SURGE

NEW YORK: Major US airlines are eyeing the potential for higher airfares in 2017 after a boost in post-election corporate travel emerged as a bright spot in the fourth quarter. On Friday, American Airlines became the latest carrier to point to an uptick in business travel after the US presidential election, with particular strength in the financial, industrial and entertainment sectors.

That helped American score higher on a closely-watched industry benchmark for revenue per available seat mile for the first time since the fourth quarter of 2014. But American, like rivals United Continental and Delta Air Lines, signaled it sees challenges to profitability this year due to higher fuel and employee costs as it renegotiates labor contracts struck during the leaner 2006-2008 period.

In the fourth quarter, American's labor costs rose 17.4 percent to \$2.8 billion. Carriers are hoping to turn to consumers for help in offsetting these costs. United Continental president Scott Kirby said the pricing environment was "improving."

"It felt to me like there was an inflection point after the election," he told analysts on a conference call earlier this month. "Business demand got stronger virtually across the board."

"You combine that with a world where fuel prices are going up, and I think a lot of airlines

then start raising fares." Delta Air Lines president Glen Hauenstein said customers in many business segments are in a different place compared with a couple of years ago.

"In this part of the economic cycle, with consumer confidence high, with consumers flush with cash, they are willing to pay for more frills," said Hauenstein, adding Delta could cut back "if fares become more relevant to customers."

'Backdoor fare increase'

Talk of lifting fares comes as both American and United move ahead with new "Basic Economy" services, essentially a bare-bones service. At American, consumers who choose this option will receive a non-changeable, non-refundable ticket at the gate and will be able to carry one personal item but not granted space in overhead bins for carry-on bags. — AFP



WASHINGTON: American Airlines and JetBlue planes sit on the tarmac at Ronald Reagan Washington National Airport in Arlington County, Virginia, 3 miles (5 km) south of Washington, DC. Reagan National is a hub for American Airlines, which is Reagan National's largest carrier. — AFP

UK ECONOMY GOING STRONG, BUT IS THIS THE HIGH POINT?

LONDON: British consumers spurred faster-than-expected economic growth in the last three months of 2016, but experts warn a slowdown may be on the way as the country's plans to leave the European Union curtail spending and investment. The economy grew 0.6 percent in the fourth quarter from the previous three months, according to figures released Thursday by the Office for National Statistics. That was the same rate as in the second and third quarters and better than the 0.5 percent figure economists had estimated.

It means the British economy grew 2 percent over the full year, the fastest rate among the seven most developed countries. While the British economy has defied expectations since the June 23 referendum to leave the EU, investor concerns about leaving the trading bloc of 500 million people led to a sharp decline in the pound.

The currency's weakness has helped some parts of the economy, like exporters and tourism, but is likely to make imported goods more expensive, eating into households' ability to spend.

"Consumers won't be ramping up spending thanks to rising inflation and sluggish wage growth, and businesses' appetite to sign off big investments will depend on how they view the progress

of Brexit negotiations," Lee Hopley, chief economist at EEF, a manufacturers' trade group. "There's every chance that this rate of expansion is the high point for the next couple of years."

The fourth quarter figures were driven by service businesses, with strong contributions from retail sales and travel - consumer-based industries that capitalized on public confidence. Manufacturing bounced back from a weak third quarter. Government leaders have pointed to Britain's performance as evidence that the impact of leaving the EU won't be as dire as some analysts predicted. Some had forecast a recession after the vote that never materialized.

But while the drop in the pound may have helped somewhat by making exports more competitive and encouraging tourists to visit and shop in Britain, it is widely expected to also weigh on domestic spending going forward. A weaker currency is making imports more expensive, as well as commodities like oil and gas, which are priced in dollars.

"Although the UK economy may have been the best performer in the developed world last year, 2017 is a new epoch, and Brexit risks to the economy are likely to materialize in the coming months. — AP