

# Friday Times BUSINESS

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Donald Trump strikes shock budget deal with Democrats

NORWAY'S WEALTH FUND, A JUMBO PIGGY BANK TO BE USED PRUDENTLY

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BEIJING: People sit in a detachable chair lift designed by Porsche studio at the China National Convention Centre during the World Winter Expo in Beijing yesterday. — AFP

## AGEING POPULATIONS TO DRAG GROWTH IN ASIA

LAGARDE URGES GOVT TO BOOST PROPORTION OF WOMEN IN WORKFORCE

**SEOUL:** The chief of the International Monetary Fund warned yesterday that ageing populations in key Asian economies will drag on their growth, urging policymakers to step up their response to shifting demographics. Studies show that Asia's population is ageing faster than anywhere else in the world, with Japan forecast to become the first "ultra-aged" country, meaning 28 percent of the population is 65 or over, while a fifth of the people in South Korea are expected to be 65 by 2030.

Rapidly ageing countries including China, Japan, Korea and Thailand "will have smaller workforces in the future and potentially lower productivity growth", IMF managing director Christine Lagarde told a conference in Seoul. "We estimate that these countries could face lower annual GDP growth... by up to a percentage point," the IMF chief said. China and Japan are the world's second- and third-largest economies respectively, and slower growth in them risks having significant knock-on effects around the world.

Lagarde urged governments to "boost the proportion of women in the workforce" by better accommodating working mothers with more childcare benefits and incentives for part-time work. In emerging countries such as India-where populations are still growing better education for girls and wider access to finance for women should be prioritized, she said. According to some estimates, she added, closing the gender gap in the employment market could raise Japanese GDP by 9 percent, South Korea's by 10 percent, and India's by 27 percent.

At yesterday's conference, Bank of Korea Governor Lee Ju-yeol also called for steps to tackle low birth rates and create more jobs for women and older people. "A failure in responding to population ageing will make the escape from possible structural low growth difficult," Lee said. An IMF report issued earlier this year projected population growth falling to zero in Asia by 2050 and the share of working-age people-now at its peak declining over the coming decades. Urging policymakers to act early to respond to the ageing population, the report warned: "Parts of Asia risk becoming old before becoming rich." —AFP

## HARVEY PUSHES US JOBLESS CLAIMS TO TWO-YEAR HIGH

**WASHINGTON:** Hurricane Harvey's devastation in Texas sent new claims for US jobless benefits skyrocketing last week to a two-year high, the Labor Department reported yesterday. And the increase from the prior week was the largest in nearly five years, with claims for unemployment insurance in Texas alone rising more than four fold. For the week ending September 2, new jobless claims surged by 62,000 to 298,000, seasonally adjusted, the highest level since April 2015 and far higher than forecast by economists, even though they predicted a jump.

It was the largest weekly increase since November 2012, when claims soared in the wake of Superstorm Sandy, which devastated the densely populated New York metropolitan area. The Labor Department provided no estimate for the precise extent to which Harvey affected the weekly numbers. But claims in Texas jumped more than 400 percent for the week, climbing to 63,742 in the week after the storm from 12,105 the week before, although these state figures were not seasonally adjusted.

Damage estimates from Harvey, which made landfall on August 26, range from around \$50 billion to well over \$100 billion, making it among the costliest-ever US storms. The Houston area is home to multinational corporations in the tech, energy and defense sectors. The storm also idled a large share of US oil and gas production and refining capacity. Analysts say economic activity in the Gulf Coast region is likely to drop sharply in the wake of

the storm before spiking during reconstruction efforts and then quickly reverting to prior trends.

Despite the jump in the latest week, initial jobless claims have held below 300,000 for two and a half years, the longest stretch since 1970. While claims can see big swings from week to week, the data can be used to gauge prevalence of layoffs and the health of labor markets. The less volatile four-week moving average rose only 5.7 percent to 250,250 claims, matching a level recorded in April. —AFP



TEXAS: In this file photo, a garage sale sign stands in a pile of debris damaged by floodwaters in the aftermath of Hurricane Harvey in Spring, Texas. —AP