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Business

5-day Dubai airshow opens today as airline industry eyes recovery

Dominant aerospace companies seek new business in post-COVID world

DUBAI: In this file photo, an Emirati visits the stand of Boeing at the Dubai Airshow. —AFP photos

DUBAI: In this file photo, Emirati and foreign delegates gather around an Airbus A380 passenger jet on a runway at the 2007 Dubai air show.

PARIS: The aviation industry is slowly recovering from last year's COVID-induced downturn, but European aircraft maker Airbus is having a smoother ride than American rival Boeing, which has endured a series of crises.

The world's dominant aerospace companies will seek new business as they attend the five-day Dubai air show today, the industry's first major event since the pandemic started last year. But while Airbus has returned to profit and delivered 460 aircraft in the first 10 months of the year, Boeing remains in the red and has supplied just 268 planes. Boeing's 737 MAX returned to the skies last year after the entire fleet was grounded for 20 months following two crashes-in Ethiopia and Indonesia-that left 346 people dead.

Almost 370 of the planes remain in inventory and Boeing chief executive David Calhoun has said that it will take two years to sell them all. The 737 MAX has also yet to be re-certified in China, a major market for aircraft makers. Boeing's production plans will depend on access to the Chinese market, Calhoun says. The 787 Dreamliner has had its share of problems which is estimated to have cost the company $1 billion. The company halted deliveries of the 787 in May following a series of issues with the plane-the second suspension in the past year.

Boeing announced in July that it had spotted additional problems near the nose of the plane and was working to fix them. A delay for the first deliveries of its new wide-body 777X plane-which were pushed back from 2022 to late 2023 — is costing the company $6.5 billion.

"There's been so many problems that it's very difficult to say they're over," Richard Aboulafia, analyst at aerospace consultancy Teal Group, said.

COVID cuts long-haul flights

COVID has also hit Boeing's strong point-long-haul aircraft-as international travel has been curbed by pandemic restrictions, said Remy Bonnery, an analyst at Archery Strategy Consulting. International air traffic is only expected to return to pre-pandemic levels between 2023 and 2025.

Domestic air travel, meanwhile, is doing better-which benefits Airbus and its A320 family of narrow-body aircraft. Airbus will display its latest single-aisle plane, the A321neo, in Dubai. The company aims to release the long-range version of the aircraft in 2023, the A321XLR, which can fly for 10 hours-a feat only achieved by bigger planes until now. "Airbus is alone in the single-aisle, long-haul market," said Bonnery at Archery Strategy Consulting. "The next 10 years, we will have more plane deliveries by Airbus than Boeing," he said. —AFP

Black homebuyers underrepresented in US real estate boom

WASHINGTON: The COVID-19 pandemic has changed the nature of homebuying in the United States, but one constant is that Black Americans do not have the same access to a home of their own. Black purchasers made up just six percent of the total homebuyers this year-a figure that has changed little over the past two decades, a National Association of Realtors (NAR) report released Thursday said.

Pandemic dynamics have allowed many Americans to get caught up on student loans and build savings, since spending opportunities like travel and eating in restaurants were off limits. As remote work became the norm, more buyers packed up and moved to be closer to family and friends rather than relocating for a job, according to NAR's 2021 Profile of Home Buyers and Sellers.

However Black Americans are weighed down by student loan debt to a greater degree than their white counterparts, and less able to get help from family, the report said. "Unfortunately, race hasn't really changed much this year. We're still seeing pretty consistent, low shares of minority homebuyers," NAR's Jessica Lautz told AFP in an interview.

While low interest rates made mortgages more accessible, the now-chronic shortage of homes for sale has driven prices higher and kept many first-time buyers out of the market, the data showed.

Even in the South, Blacks made up just nine percent of homebuyers in a region where their population in some states is more than double the 13 percent national average, the report said. Prior NAR research shows white homeownership rates are 30 percentage points higher than those of Black buyers, who are more than twice as likely to have student loan debt and a higher amount, and are rejected for mortgages at more than twice the rate as white applicants.


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And because they are less likely to own homes, they are not able to use proceeds from the sale of a home to finance a purchase.

Priced out

While the share of first-time buyers rose this year, it remains below the historic norm of 40 percent, said Lautz, NAR's vice president of demographics and behavioral insights. "We know that first-time homebuyers are struggling to enter into this housing market," she said, adding they find it hard "to pull the money together and then to be able to compete with other buyers" who increasingly can pay all cash.

With historically low inventory-exacerbated by a shortage of workers and supply issues and tendency for builders to focus on large, expensive houses-sellers are getting full asking price and more for their homes, and a higher share of buyers can pay cash. The median home price was $305,000, more than $30,000 higher than in 2020, according to the report.

President Joe Biden has made lowering home prices a plank of his Build Back Better bill under consideration in Congress, calling for $150 billion for "the single largest and most comprehensive investment in affordable housing in history." His plan would offer down payment assistance to help more buyers own their first home and build wealth, and focus on zoning reform to allow more construction.

Close to family

One of the biggest shifts during the pandemic has been the increase in demand for work-from-home opportunities as offices shut down. "Home sellers are saying their number-one reason to sell is to get closer to friends and family," Lautz said. "People really wanted their support system around them and needed it during the pandemic." Job relocation as the reason to move fell to seven percent from 11 percent.

She said she expects that trend to continue "as CEOs understand if they want to retain talent, they may need to allow more flexibility in working from home." Another trend is the dwindling share of homebuyers with children, which fell to 31 percent-the lowest on record, she said. That shifts priorities, since those buyers will be less concerned about issues like schools or larger homes, which for cash-strapped buyers will "open up neighborhoods for them that would have been off limits if they had children in the home." —AFP

Oil exporter UAE accepts future is not oil: US delegation

DUBAI: The United Arab Emirates accepts that oil is not its future despite being one of the world's top exporters, a visiting delegation of US politicians told AFP on Friday.

The UAE's leaders "recognize that their future is not going to be in oil", Senator Ben Cardin said at the end of a trip that also included the COP26 climate summit in Glasgow. Both the UAE and neighboring Saudi Arabia, the number one oil exporter, announced net zero carbon goals in the build-up to the UN environmental meeting, which ends on Friday. The targets were set despite plans to ramp up oil production. Net zero refers to emissions created within a country, not by products sold and consumed abroad. But UAE officials "recognize reality", delegation member and House of Representatives Majority Leader Steny Hoyer said after talks with Dubai ruler Sheikh Mohammed bin Rashid Al-Maktoum.

"They know the world is working very hard not to be in a position to buy their product anymore, because they're going to alternative energy," he said at the Dubai Expo world fair, which has sustainability as one of its major themes. "So I think they also want to make sure that they diversify at this point in time because they know their economy cannot be based long-term on a product that the world thinks is harmful to use." —AFP

Mexico's economic recovery has sting in its tail

MEXICO CITY: Latin America's second-largest economy is bouncing back from its worst slump in decades, but rising living costs mean that many Mexicans like Reynaldo Perez are struggling to scrape by. The 54-year-old ekes out a living from tips for valet parking for restaurant customers in Mexico City, the epicenter of the pandemic in one of the world's worst affected countries. "After expenses, it's only enough to get by, without the luxury of going out with my family," said Perez, who overcame a bout of COVID-19 last year, spending two weeks in hospital.

Still, he feels lucky to even have a job. Several other businesses nearby went bankrupt. "They couldn't survive the blow" from months of pandemic restrictions and a lack of customers, Perez said.

His story reflects the challenges facing the Mexican economy, whose post-pandemic recovery has a sting in its tail: rising prices of food and other essentials.


MEXICO CITY: A woman buys fruit at a market in Mexico City. The rebound of the Mexican economy following the COVID-19 pandemic is insufficient to alleviate the slowdown of activities and to contain inflation. — AFP

Inflation in Mexico reached 6.24 percent in the 12 months to October, more than double the central bank's target of around three percent, and the highest in almost four years. Like many countries, Mexico is grappling with the impact of rising costs of energy and raw materials, as well as global supply chain bottlenecks.

At the same time, the Mexican economy-the second largest in Latin America, after Brazil-has yet to recover to its pre-pandemic size. Gross domestic product (GDP) is expected to grow 6.2 percent this year, the Bank of Mexico predicts, not enough to fully reverse an 8.5 percent plunge in 2020.

Indicators such as consumption, employment, investment and tourism remain below pre-pandemic levels, said Gabriela Siller, head of analysis for the financial group BASE in the northern city of Monterrey. "GDP won't fully recover until 2023, and in per capita terms not before 2027," she said. —AFP

Syria inks solar plant deal with UAE firms

DAMASCUS: Syria has signed a deal with United Arab Emirates firms for the construction of a solar power plant near Damascus, state media said, in a sign of growing economic ties. The accord comes two days after UAE Foreign Minister Abdullah bin Zayed Al-Nahyan met President Bashar al-Assad in Damascus in the first such visit since the start of Syria's war.

The visit was widely seen as a sign of regional efforts to end Assad's diplomatic isolation as Syria grapples with a spiraling economic crisis caused by years of conflict and compounded by Western sanctions. "The ministry of electricity and a consortium of Emirati firms have signed a cooperation agreement to establish a solar power plant with a 300-megawatt capacity," in the suburbs of Damascus, the official SANA news agency said.

The Syrian government initially approved the project last month, with Economy Minister Samer Al-Khalil calling it a positive sign for future investments in Syria. At the time, the UAE's economy ministry said it agreed with Syria on "future plans to enhance economic cooperation and explore new sectors".

The UAE severed relations with the Iran-backed government in Damascus in February 2012, nearly a year after the start of the Syrian war. The 11-year conflict erupted with nationwide protests demanding regime change that were met with a brutal government crackdown. It escalated into a devastating war that drew in a host of regional and international powers, and killed nearly half-a-million people. In December 2018 the UAE reopened its embassy in Damascus, and in March this year it called for Syria to return to the Arab League.

The war in Syria has ravaged the country's power grids causing round-the-clock electricity cuts now compounded by fuel shortages. Losses sustained by the energy sector since the start of the war amount to about "100 billion dollars in direct and indirect damages", Syria's economy minister said last month. Also last month, the electricity ministry signed a $115 million contract with an Iranian firm to rehabilitate a power station in a central province of the war-torn country. —AFP