Saudi Arabia launches bid to attract $10 billion in supply chain investment

RIYADH — Saudi Arabia's crown prince on Sunday launched an initiative to attract investments in supply chains to and from the kingdom, with an aim of raising an initial 40 billion riyals ($10.64 billion).

The initiative by Prince Mohammed bin Salman will include allocating about 10 billion riyals in incentives for supply chain investors, state news agency SPA reported, without elaborating.

The Gulf state last year announced it would invest over 500 billion riyals in infrastructure, including airports and sea ports, by the end of the decade in a bid to become a transport and logistics hub under an economic diversification plan.

The latest supply chain initiative includes establishing a number of special economic zones, said a statement on SPA that also referred to ongoing "legislative and procedural" reforms.

"The Global Supply Chain Resilience Initiative will leverage the Kingdom's resources, infrastructure and location to bring greater resilience to economies and companies across Europe, the Americas and Asia, while further enhancing Saudi Arabia's position in the global economy," the statement added.

"Saudi Arabia also offers access to oil, gas, electricity, renewable energy and human resources at competitive costs," it said, noting blue and green hydrogen production projects by the kingdom, the world's top oil exporter.

Prince Mohammed's Vision 2030 plan aims to modernize Saudi Arabia and wean its economy off oil revenues. — ***Reuters***

China Q3 GDP growth rebounds at faster pace but risks loom

BEIJING — China's economy rebounded at a faster-than-expected pace in the third quarter (Q3), but strict COVID-19 curbs, a deepening property crisis and global recession risks are challenging Beijing's efforts to foster a robust revival over the next year.

Gross domestic product (GDP) in the world's second-biggest economy rose 3.9% in the July-September quarter year-on-year, official data showed on Monday, above the 3.4% pace forecast in a Reuters poll of analysts, and quickening from the 0.4% pace in the second quarter.

The data was originally scheduled for release on Oct. 18 but was delayed amid a key Communist Party Congress last week, which ended with Xi Jinping securing a precedent-breaking third term as its leader.

"The Chinese economy has great resilience, potential and latitude," Mr. Xi told reporters on Sunday as he unveiled the top leadership team of the Communist Party for the next five years.

"Its strong fundamentals will not change, and it will remain on a positive trajectory over the long run."

The economy was buoyed by the manufacturing sector, with separate data showing industrial output in September rose 6.3% from a year earlier, beating expectations for a 4.5% gain and 4.2% in August.

Chinese stocks tumbled on Monday and the yuan weakened as investors focused on the country's new governing body membership, which was stacked with loyalist to Mr. Xi, heightening fears he will double down on ideology-driven policies at the cost of economic growth.

Despite the rebound, the economy faces challenges on multiple fronts at home and abroad. China's zero-COVID strategy and strife in its key property sector have exacerbated the external pressure from the Ukraine crisis and a global slowdown due to interest rate hikes to curb red-hot inflation.

A Reuters poll forecast China's growth to slow to 3.2% in 2022, far below the official target of around 5.5%, marking one of the worst performances in almost half a century.

TRADE PAIN

In signs of continued strain, exports grew 5.7% from a year earlier in September, beating expectations but coming in at the slowest pace since April. Imports rose a feeble 0.3%, undershooting estimates for 1.0% growth.

Retail sales grew 2.5%, missing forecasts for a 3.3% increase and easing from August's 5.4% pace, underlining still fragile domestic demand.

The surveyed urban jobless rate nudged up to 5.5% in September, the highest since June, with the unemployment rate for job seekers between the ages of 16 and 24 at 17.9%.

More crucially, month-on-month new homes prices fell for the second straight month in September, reflecting the continued homebuyer aversion in the economically vital sector as indebted developers raced to pool resources and deliver projects on time.

Policymakers had rolled out over 50 economic support measures since late May, seeking to bolster the economy to ease job pressures, even through they have played down the importance of hitting the growth target, which was set in March.

New bank lending in China nearly doubled in September from the previous month and far exceeded expectations, thanks to central bank efforts to revive the economy.

"On the policy front, the overall policy will remain supportive," said Hao Zhou, chief economist at Guotai Junan International.

"In our view, further policy impetus is required to buoy economic recovery, but additional interest rate cuts are unlikely during a period of aggressive global central bank rate hikes." — ***Reuters***

Australia to slash economic growth forecasts

SYDNEY, — Australia's economic growth is expected to slow sharply next financial year as rising inflation curbs household consumption, according to new forecasts to be unveiled by Treasurer Jim Chalmers in Tuesday's budget.

Budget papers are set to show gross domestic product (GDP) for fiscal 2023-2024 will be downgraded to 1.5% from the 2.5% forecast in April. GDP is also due to be downgraded to 3.25% from 3.5% for 2022-2023, according to draft figures from the Treasury.

The drop-off is blamed on a slump in consumer spending as rising prices and the biggest jump in interest rates in decades cut into household budgets.

Officials are also warning that a slowing global economy, in particular the sputtering Chinese property sector, will hit growth in Australia which is enjoying its lowest unemployment rate since the 1970s.

"While we have plenty of things going for us, Australians have not been immune from rampant global inflation, heightened uncertainty and cost of living pressures here at home," Mr. Chalmers said in a statement on Monday.

"These headwinds will inevitably impact our growth outlook, and Australians are already feeling the pinch from higher prices and rising interest rates."

Record commodity prices and a booming labour market are expected to provide budget relief and analysts expect the deficit to shrink to between A$25 billion and A$45 billion, lower than initially feared.

But Mr. Chalmers has repeatedly warned Australians to expect a "responsible budget" and said the government can only provide limited cost-of-living support for fear of adding stimulus that works at cross purposes to the Reserve Bank of Australia's rate hikes.

"The best defence against these economic headwinds is a responsible budget ... along with responsible cost-of-living relief that won't make the job of the Reserve Bank more difficult," Mr. Chalmers told the *Australian Financial Review*. — ***Reuters***

Airbus eyes Saudi deal for 40 A350 jets

PARIS/DUBAI — Saudi Arabia is in advanced negotiations to order almost 40 A350 jets from Europe's Airbus as part of strategic efforts to launch a new airline and challenge heavyweight carriers in the Gulf, industry sources said.

If confirmed, the purchase by the sovereign Public Investment Fund (PIF), worth $12 billion at list prices, could be announced as early as this week when Riyadh hosts a major forum, the Future Investment Initiative (FII), the sources said.

It remained unclear whether Boeing would also seize part of a substantial shopping list for the new airline, which will be named RIA, the sources said. One source familiar with the negotiations cautioned that it was "not over yet."

PIF has been negotiating to buy some 75 jets and another source said the kingdom was leaning toward the Boeing 787. Reports have said that the airline may also need narrow-body jets.

Neither Airbus nor Boeing had any comment. PIF did not immediately respond to a request for comment.

Any commercial deal must still win political approval and also depends n complex engine negotiations, one of the sources said.

The choice of supplier is widely seen as politically charged as the Saudi gathering takes place amid deepening tensions between Washington and Riyadh, two industry sources said.

The FII is a showcase for Crown Prince Mohammed bin Salman's Vision 2030 plan to wean the economy off oil by creating new industries that also generate jobs for millions of Saudis, and to lure foreign capital and talent.

US President Joseph R. Biden has vowed "consequences" for US-Saudi ties over an OPEC+ decision to cut oil output targets, which Riyadh defended as serving market stability. — ***Reuters***

ACEN moves to divest stake in coal-fired power plant subsidiary

ACEN Corp. is set to divest by yearend its stake in a coal-fired power plant in Batangas after the facility's owner partially redeemed its preferred shares held by the Ayala group's energy arm for P3.2 billion.

In a disclosure on Monday, the listed company said its subsidiary South Luzon Thermal Energy Corp. (SLTEC) redeemed 32 million shares from ACEN, which in turn will receive funds that it can reinvest in renewable energy projects.

ACEN also said that the redemption of the remaining preferred shares of around 3.83 million in SLTEC "is expected to close by end 2022." The partial redemption was done on Oct. 21, 2022.

SLTEC owns and operates a circulating fluidized bed thermal power plant in Calaca, Batangas with two units, each with a capacity of 135 megawatts (MW), which translates into a net output of 248 MW.

The move to redeem the shares comes about a year after ACEN's board of directors on Oct. 18, 2021 authorized the company's management to work towards the early retirement of the SLTEC coal plant by 2040, or 15 years ahead of the end of its technical life.

The plant's retirement will be through the use of the energy transition mechanism (ETM), which ACEN described as an "innovative concept" developed by the Asian Development Bank.

It said ETM "aims to leverage low-cost and long-term funding geared towards early coal retirement and reinvestment of proceeds to enable renewable energy."

It added that the equity divestment feature of the ETM includes the redemption of SLTEC preferred shares held by ACEN using proceeds of subscriptions from institutional investors.

"Proceeds received by ACEN will be deployed for its renewable energy investments," the company said.

The redemption of the preferred shares will be paid in cash, it said.

ACEN also said that the funds will also help it fully commit to achieving net-zero greenhouse gas emissions by 2050 or earlier. It adds to the company's recent capital-raising to fund renewable energy projects.

Last month, ACEN issued and listed its maiden peso-denominated ASEAN Green Bonds amounting to P10 billion, with a fixed interest rate of 6.0526% per annum for a five-year tenor, under its P30-billion debt securities program.

ACEN has around 4,000 MW of attributable capacity in the Philippines, Vietnam, Indonesia, India, and Australia. Of this capacity, renewables account for 87%.

The company aspires to be the largest listed renewables platform in Southeast Asia. Its goal is to reach 20 gigawatts of renewable energy capacity by 2030.

In 2021, ACEN announced its commitment to reach net-zero greenhouse gas emissions by 2050 by retiring its remaining coal plant by 2040 and transitioning its power generation portfolio to 100% renewable energy by 2025.

On Monday, shares in ACEN rose 1.5% to close at P6.09 apiece.

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Values he learned at school and in sports as a member of the varsity football team influenced his views on entrepreneurship, particularly in dealing with people. He graduated with a Bachelor of Arts degree from the Ateneo de Manila University, and later earned an MBA from the Peter Drucker Graduate School of Business in Claremont, California. For a time, he worked at Grand Chevrolet and Nissan Motors USA in California.

After graduating from the General Motors Institute in Flint, Michigan, Mr. Jarina returned to the Philippines. His education and experience in the automotive industry proved to be beneficial when he took over INTECO, their family business, as the second-generation owner. At INTECO, he improved the company's processes and systems. Knowing he had big shoes to fill, Mr. Jarina effectively led the company with the values, knowledge and wisdom imparted to him by his parents. Together with his father, they expanded INTECO from a humble single dealership in EDSA Balintawak to six Isuzu dealerships in northwest Luzon. Today, INTECO — the pioneer Isuzu dealer in the Philippines — is constructing its seventh branch in Valenzuela.

Mr. Jarina and INTECO had weathered many storms. In recent years, the auto industry faced significant challenges, such as the new excise taxes on vehicles which affected sales. Competitive as the industry is, INTECO needed to consistently think of ways to innovate and satisfy their customers.

INTECO under Mr. Jarina's leadership was able to overcome most difficulties that tested the company's resilience. However, the pandemic was one of the challenges that no one saw coming and it adversely impacted the business. But because of Mr. Jarina's years of hard work and discipline in handling the company's financials combined with his business acumen, INTECO survived without laying off any employees. He was able to help his people and their families by continuously paying employees' salaries, supporting the education of their children and paying for the retirement of his staff. Outside the company, INTECO was also able to help the community by providing valuable transport assistance to frontliners and delivering essential goods to hospitals and private institutions. This experience taught Mr. Jarina to be prepared for anything.

Mr. Jarina's wisdom and values, which he inherited from his parents, are likewise evident in the company's motto: "A family that cares." This goes hand in hand with INTECO's main purpose to build an automotive company that will serve businessmen for community development. Mr. Jarina tries his best to extend this treatment to all their stakeholders — suppliers, customers, employees or even competitors.

For Mr. Jarina, he believes in three things: communication, passion and care. He ensures that everyone is treated well. Every leader has a vision, he said, and for employees to support that vision, a leader must be able to communicate it clearly, so everyone can feel the same passion about their work. Lastly, employees also need to feel that they are genuinely cared for, which in turn will boost their morale.

This is something which INTECO was able to live up to as well. For example, the company has a low attrition rate, with employees staying in the company for a minimum of 15 years. Employees also go beyond customers' expectations, going as far as to address the concerns and issues they find from the reviews which clients leave on the company's social media page.

Mr. Jarina also believes in building long-term relationships and valuing people.

"You have to be patient. You have to listen. You have to understand. You have to find solutions and build support for your ideas because you cannot do it by yourself. Always. You always have to have a comrade. You have to have people who are sympathetic, who share your same passion and your care," he said.

His years of experience taught him the humility that comes with acknowledging one's strengths and weaknesses, which he tries to impart to his children. He wants them to not take failures to heart and to know that they can always get back up again.

"Sometimes, you will lose. But then again, you can gain it back in some other way. It's not the end of the world," Mr. Jarina said.

Despite his achievements, Mr. Jarina wants people to know that he did not do everything by himself.

"Actually, this is not all me. It's the values which I thank my parents for. I thank my faith. I thank my employees. INTECO wouldn't be here now if not for them," he said.

As part of his legacy to the third generation, Mr. Jarina intends to pass on to his children these same values and words of wisdom from his parents.

"If you're good to others and you have good intentions, that goodness will come back to you."

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The winners of the Entrepreneur Of The Year Philippines 2022 will be announced on Nov. 21, 2022 in an awards banquet at the Grand Hyatt Manila. The winner will represent the country in the World Entrepreneur Of The Year 2023 in Monte Carlo, Monaco in June 2023. The Entrepreneur Of The Year program is produced globally by Ernst & Young (EY).