

German recession will be worse than feared: economic institutes

● The economy will shrink 0.6 percent in 2023, the institutes said

AFP | Frankfurt, Germany

A recession in Germany this year will be worse than previously feared, leading economic institutes warned yesterday, as high inflation and an industrial slowdown hit Europe's top economy.

The economy will shrink 0.6 percent in 2023, the institutes said in their latest joint forecast. They had all flagged in recent months that a downturn was expected, although the figure is worse than those previously mentioned.

"The most important reason for this revision is that industry and private consumption are recovering more slowly than we expected," said Oliver Holtemoller, from the Halle Institute for Economic Research, one of the five groups behind the forecast. German policymakers face



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challenges on multiple fronts -- from still-high inflation that began surging after Russia invaded Ukraine, to weakness in manufacturing and the impact of record eurozone interest rates.

Problems in the global economy, and in particular a slow recovery from the pandemic in Germany's top trading partner China, are also weighing on the exporting powerhouse.

There were positive signs at the start of the year that Germany may have weathered the energy crisis better than expected, but Thursday's forecasts are just the latest gloomy signal in recent months.

The economy fell into recession around the turn of the year, and has struggled to recover since, with growth stagnating in the second quarter.

The last joint economic

forecast released in April had forecast growth of 0.3% in 2023. However, since then some of the institutes involved had separately forecast a contraction this year, although their predictions were less gloomy than the latest joint forecast.



The IMF has predicted that Germany will be the only major advanced economy to shrink this year. The European Commission earlier this month said it expects the German economy to contract by 0.4% this year, compared to a previous forecast of 0.2% growth.

Hyundai, Kia recall 3 million cars in US over fire risk

Washington, United States

South Korean car manufacturers Hyundai and Kia are issuing recalls for 3.3 million vehicles in the United States due to their risk of suddenly catching fire, regulators announced Wednesday. "Until these recalled vehicles have been repaired... the safest place to park them is outside and away from homes and other structures," the National Highway Traffic Safety Administration (NHTSA) said in a statement.

"Fires can occur whether the vehicle is parked and turned off or while driving."

The vehicles in question include 1.64 million from Hyundai and Genesis, concerning 2010 to 2015 models, and 1.73 m Kias, ranging from 2010 to 2017.

The problem comes from an issue with the vehicles' anti-lock brake systems (ABS), "which could leak brake fluid internally and cause an electrical short," the NHTSA said.

"Hyundai plans to notify owners to bring their vehicles to the nearest dealership to replace the ABS module fuse," the agency said. "Kia is still working on a remedy." Neither company knows of "any crashes, injuries or fatalities associated with this defect."

Hyundai has recorded 21 vehicle fires linked to the defect in the United States, as well as "22 thermal incidents," including visible smoke, burning and melting. Kia has recorded one engine compartment fire, "three fires in the unit, and six instances of melting components."

Portugal launches sale of 51% in state-owned airline TAP

AFP | Lisbon, Portugal

The Portuguese government on Thursday opened the sale of a majority stake in flag carrier TAP, expected to attract the interest of European rivals including Air France-KLM, Lufthansa and British Airways owner IAG. TAP had to be rescued and renationalised in 2020, which was followed by job cuts and plane sales in order to secure EU approval of a 3.2 billion euro (\$3.4 billion) capital injection for the debt-laden

airline. "The government adopted today the decree on the privatisation of TAP," Finance Minister Fernando Medina said after the Socialist-led government's weekly cabinet meeting.

The government wants to sell at least 51 percent of TAP, with at least five percent of shares reserved for employees, he added, without specifying how much the government might raise from the sale.

The airline posted a profit of 23 million euros for the first half of this year, compared with

a loss of 202 million euros in the period last year.

"The outlook for 2023 is even better," said Infrastructure Minister Joao Galamba.

Analysts say Germany's Lufthansa, which took a major stake in Italy's ITA in May, might be interested in bidding, while Air France-KLM chief Ben Smith reiterated his interest in July. TAP flies several routes to North America and Brazil, which could also be a good fit for IAG, which also owns Spanish airline Iberia.

\$3.5 bn Germany deal the biggest yet for Israeli arms sector

AFP | Tel Aviv, Israel

Israel's \$3.5-billion sale of its Arrow 3 missile defence system to Germany, sparked by security fears after Russia's Ukraine invasion, is the biggest yet for the small country's out-sized arms sector.

With its armed forces steered by a tragic history of war, Israel is now the ninth largest exporter of military equipment and technology, according to the Stockholm International Peace Research Institute.

Israeli arms exports reached a new record of \$12.5 billion dollars last year, double the amount from three years earlier, says its defence ministry.

Israel's fears of attacks from Iran and other foes have led it, together with its top ally the United States, to develop hi-tech systems designed to knock incoming rockets and missiles



The launch of the Arrow-3 hypersonic anti-ballistic missile at an undisclosed location in Alaska.

out of the sky. Berlin's purchase of Arrow 3 had to be approved by Washington because the system was jointly developed by Israel Aerospace Industries (IAI) and US aerospace giant Boeing.

The system aims to shield Germany and its neighbours from ballistic missiles that can carry nuclear warheads by intercepting them as far as 2,400 kilometres (almost 1,500 miles) away, outside the atmosphere.

Israel, a country of nine mil-

lion people, has fought multiple wars with Arab states since its foundation in 1948 in what was then Palestine.

Its army now occupies the West Bank and blockades the Gaza Strip, fuelling anger across the Arab and Muslim world.

As Israel marks a half-century since the 1973 Arab-Israeli war, its arms industry is earning billions, much of it now driven by the sharply heightened tensions between NATO and Russia.

Aramco announces first global LNG deal



Dhahran oil plants, in eastern Saudi Arabia

● Aramco reported record profits totalling \$161.1 billion last year

Riyadh, Saudi Arabia

Saudi Aramco on Thursday announced its first global investment in liquefied natural gas, part of a broader bid by the energy giant to expand beyond oil.

The company seen as the jewel of the Saudi economy said it would acquire a minority stake worth \$500 million in MidOcean Energy, which is managed by the US investment firm EIG.

"We anticipate strong demand-led growth for LNG as the world continues on its energy transition journey, with gas being a vital fuel and feedstock in various industries," Aramco CEO Amin Nasser said in a statement.

"We believe that gas will be important in meeting the world's rising need for secure, accessible and more sustainable energy."

He noted that the deal "marks Aramco's first international investment in LNG."

Saudi Arabia, the world's biggest crude oil exporter, owns 90 percent of Aramco's

shares and is depending on its revenue for Crown Prince Mohammed bin Salman's sweeping economic and social reform programme known as Vision 2030, which aims to shift the economy away from fossil fuels.

Aramco wants to become "a leading global LNG player", the firm's upstream president Nasir K. al-Naimi said in Thursday's statement, adding that it sees "significant opportunities in this market, which is positioned for structural, long-term growth". MidOcean Energy "is currently in the process of acquiring interests in four Australian LNG projects, with a growth strategy to create a diversified global LNG business," the statement said.

Aramco reported record profits totalling \$161.1 billion last year, allowing the kingdom to notch up its first annual budget surplus in nearly a decade, though year-on-year performance fell during the first two quarters of 2023.

Aramco has pledged to achieve "operational net-zero" carbon emissions by 2050.

That applies to emissions that are produced directly by Aramco's industrial sites, but not the CO2 produced when clients burn Saudi oil in their cars, power plants and furnaces.

ChatGPT can now search for data on the internet



OpenAI CEO Sam Altman New York, United States

information, complete with direct links to sources," OpenAI said in a post on X, formerly Twitter. "It is no longer limited to data before September 2021."

It also said that the latest feature would allow sites to control how ChatGPT interacts with them.

OpenAI launched the update for its paying subscribers in June, but suspended it after users managed to bypass paywalls on internet content.

The feature, dubbed "Browse with Bing", is also reserved for paying subscribers of ChatGPT Plus and Enterprise services, but OpenAI said it would soon be available to all users.

The generative AI platform ChatGPT can now fetch data directly from the internet and gather up-to-date information in real-time, its creator OpenAI said Wednesday, in a major milestone for the software.

Until now, ChatGPT's responses to user queries were based on a vast database, which did not contain information from after August 2021.

"ChatGPT can now browse the internet to provide you with current and authoritative

OpenAI partner Microsoft already offers Bing Chat, an integration of GPT-4, the language model used to develop ChatGPT, with its internet search engine, as does Google with its conversational robot Bard.

ChatGPT will provide direct sources alongside its responses, which will no longer be based on the single database the program's publisher controls.