

**American Airlines reports dip in profits, good outlook**

American Airlines reported a dip in second-quarter profits on higher costs but offered a positive outlook, saying efforts to boost profits through its "basic economy" option were on track.

Net income declined 15.5 percent to \$803 million from the year-ago period.

Revenues rose 7.2 percent to \$11.1 billion as the airline cited strong customer demand, especially in the United States and Latin America.

American reported a robust 5.7 percent increase in the ratio of total revenue to available seat mile — a closely-watched metric the company said would rise 0.5 percent to 2.5 percent in the third quarter.

Operating expenses rose due to higher fuel costs and American's move in April to hike wages on flight attendants and pilots.

"Our investments in our product and our team are beginning to pay real dividends as we give customers more reasons to fly on American," said American Airlines President Robert Isom.

"When combined with new revenue management tools and sales initiatives targeting high yielding corporate customers, we believe our revenue growth potential is strong."

American said it has launched its bare-bones "basic economy" service in 78 markets, an effort to compete with low-cost airlines and prod customers to spend more on premium seats. (AFP)

**Intel's Q2 results top analyst views, lifting stock**

Intel Corp more than doubled its second-quarter profit as sales of its personal computer chips strengthened and the company made further inroads in promising new areas of technology.

The world's largest chipmaker also brightened its outlook for the remainder of the year.

The report released Thursday drew a lukewarm reaction from investors as Intel's stock edged up 13 cents to \$35.10 in extended trading. Intel earned \$2.81 billion, or 58

cents per share during the three-month period ended July 1. That compared to net income of \$1.33 billion, or 27 cents per share, at the same time last year.

If not for one-time items unrelated to its ongoing business, Intel said it would have earned 72 cents per share. That figure exceeded the average estimate of 68 cents per share among analysts surveyed by Zacks Investment Research.

Intel's revenue rose 9 percent from last year to \$14.76 billion,

above the average analyst estimate of \$14.41 billion, according to Zacks.

Last year's revenue included a security division that Intel has since spun off into a separate company. If Intel hadn't owned that division last year, revenue for the latest period would have been up by 14 percent, according to the company.

Sales in Intel's division that includes personal computer chips posted revenue of \$8.2 billion, up 12 percent from last year's second-quarter. (AP)

**Cities looking to BNYDC for inspiration as they struggle to replace declining industrial jobs**

**New York start-ups shine light on new paths for world cities**

NEW YORK, July 29, (RTRS): Snapping off a leaf of crisp baby lettuce, entrepreneur Andrew Shearer can demonstrate how colored lights in a hydroponic cabinet boost nutrients or alter the flavors and colors of plants that can be grown in a restaurant kitchen.

Strawberries, peppers and tomatoes are the next crops for his start-up Farmshef, which aims to cut food miles and waste by selling the lighting units to grow vegetables for commercial use, home kitchens and even mobile vans.

"Going the next step, changing the way the food supply system can work for the highly perishable items that often end up in the landfill," said Shearer, 27, at the New Lab workspace at Brooklyn Navy Yard (BNYDC).

Farmshef is one of 95 companies at New Lab in the former shipyard, home to firms such as Honeybee Robotics, which makes arms for Mars rovers and mouse-sized robots, and Spacial, where one of its drone blimps hangs from the ceiling.

Cities around the world are looking to BNYDC for inspiration as they struggle to replace declining industrial jobs with well-paid alternatives while regenerating areas left vacant and neglected by dying industries.

Once a thriving center on New York City's East River employing 70,000 people, Brooklyn's waterfront fell into dereliction as the shipbuilding business shut down, said David Ehrenberg, BNYDC chief executive.

Packs of feral dogs would chase prospective tenants away as efforts at a

revamp got underway, he said.

Fifteen years later, the yard is home to 330 companies and employs 7,000 people in what has become a hip neighborhood dotted with housing projects and chic apartment buildings.

BNYDC partners with struggling local schools to get children interested in fields such as robotics and internships or jobs with one of the cutting-edge companies, Ehrenberg said.

"If things work out well, other cities can end up where we've ended up, he said.

Alongside entrepreneurs designing nanotechnology or designing kinetic furniture, other companies at BNYDC are creating hundreds of blue-collar jobs, which urban experts say is key to making communities economically resilient.

At Steiner Studios, where the hit HBO series "Girls" was filmed, more than half the employees work in jobs such as on-set carpenters or electricians.

Crye Protection employs more than 200 people, many of whom wear specialized camouflage gear and bendable body armor.

To be resilient, "any city can't be over reliant on a single industry, whether that be Rotterdam and the port, New Orleans and petrochemicals, New York and finance," said Michael Berkowitz, president of the 100 Resilient Cities program.

The Rockefeller Foundation-backed \$164 million program aims to help urban areas protect themselves from stresses and shocks.

**Deal sidelines bid to block sale of Toshiba chip unit**

SAN FRANCISCO, July 29, (AFP): A request to block Toshiba from raising much-needed cash by selling a flash memory venture was taken off the table on Friday in a California court.

Toshiba and Western Digital agreed to an order recommended by a state court judge who asked the companies to collaborate on an agreement instead of dueling over an injunction requested by the US company.

The agreement requires Toshiba to publicly announce the signing of any deal to sell the venture, and provide Western Digital notice two weeks before any such sale closes, according to the Japanese company.

The notice would give Western Digital time to react in court or with

an arbitration panel.

"We are very pleased to have reached this mutually acceptable understanding which is effective for a very limited time and which recognizes Toshiba's right to negotiate and sign a definitive agreement for the sale of its memory business," Toshiba Corporation senior executive vice-president Yasuo Naruke said in a release announcing the stipulated agreement.

Toshiba expected that consummating such a deal would take months.

The agreement is to remain in effect until 60 days after an international arbitration panel has been created to consider the matter.

While the battle playing out in a San Francisco court has captured at-

attention, the clash between the companies is expected to be resolved in arbitration.

"We don't expect to close a deal during the period addressed in the order," Toshiba said in a released statement.

"Toshiba therefore remains focused on preparing for the ICC (Chamber of Commerce) arbitration process, which we believe is the appropriate venue to address these issues."

The hearing Friday was held to consider a request by Western Digital for an injunction stopping Toshiba from selling interests in three NAND flash-memory joint ventures operated with Western Digital's SanDisk subsidiaries.

Toshiba was free to continue negotiations for the sale of the chip division as the matter made its way to likely arbitration in an international forum.

Western Digital said in a release that the agreement protects SanDisk's interests while waiting to face off with Toshiba in international arbitration.

"Our ongoing discussions with Toshiba and its stakeholders have been constructive, and we will continue to work to seek a solution that is in the best interests of all parties," Western Digital said in a release.

Toshiba shares got a boost this month with news that US hedge fund Greenlight Capital has taken a new stake in the troubled conglomerate.

**Factory expected to open in 2020**

**Wisconsin gov calls special session on \$10b Foxconn deal**

MADISON, Wisconsin, July 29, (AP): A wide array of Wisconsin environmental regulations would be waived in an effort to speed up construction of a \$10 billion Foxconn electronics factory under a proposal Gov Scott Walker unveiled Friday.

Walker called on the Republican-controlled Legislature to consider the measure as early as Tuesday. It also would borrow \$252 million to finish rebuilding Interstate 94, which connects Milwaukee with Chicago and runs near where the massive display panel factory is expected to be built.

The plant would be the first outside of Asia to produce liquid crystal display monitors used in computers, televisions and other areas. Walker calls it a once-a-generation opportunity to transform Wisconsin's economy.

The envisioned factory, expected to open in 2020, would be 20 million square feet on a campus that spans 1.56-sq-miles in what Walker is calling the "Wisconsin Valley." It would initially employ 3,000 people, but the deal calls for that to grow to 13,000 within six years.

An exact location has not been determined, but Foxconn is looking at sites in Racine and Kenosha counties.

Walker took to the air on Friday in a campaign-style airplane tour to make the case that the entire state would benefit from a plant three-times the size of the Pentagon.

"There's a whole lot of people out there scrambling to try and come up with a reason not to like this," Walker said in Eau Claire. "I can tell you, that's fine but I think they can go suck lemons. The rest of us are going to cheer and figure out how we get this thing going forward."

Walker's tour also took him to La Crosse, Eau Claire and Wausau.

The bill Walker unveiled Friday would allow Foxconn, without permits, to discharge dredged materials, fill wetlands, change the course of streams, build artificial bodies of water that connect with natural

waterways and build on a riverbed or lakebed.

Foxconn would also be exempt from having to create a state environmental impact statement, something required for much smaller projects.

A number of environmental groups did not immediately respond to requests for comment.

Lobbyist Bill McCoshen, who helped negotiate economic development deals in Gov Tommy Thompson's administration, said bipartisan support for the project should help ease the bill's passage.

Democratic US Sen Tammy Baldwin attended President Donald Trump's White House announcement of the deal on Wednesday and two-time Walker challenger Democratic Milwaukee Mayor Tom Barrett praised it at a signing event on Thursday. Other Democratic lawmakers have spoken in support.

Because Wisconsin already waives all taxes on manufacturing credits in the state, the incentives for Foxconn would be paid as cash up to \$200 million a year rather than a credit against taxes owed. They would be pro-rated based on job creation and money spent by Foxconn and could be recouped if jobs are lost.

"Gov. Walker has to some explaining to do to taxpayers in every corner of the state who will foot the bill for this deal on the Illinois border," said Scot Ross, director of the liberal activist group One Wisconsin Now.

University of Wisconsin-Madison agricultural economist Steve Deller said Friday that based on what he knows of the deal, the state structured it in the most responsible way possible.

"It seems as though, if you're going to do this, this is the way to go about it," he said.

One of the harshest critics within the Legislature is Democratic state Sen. Dave Hansen, who represents Green Bay. He said moving quickly on the \$3 billion incentive package would be "a serious case of legislative malpractice."

**IMF warns leaders to avoid protectionism 'at all costs'**

Fund cites damages it will cause to own and global economy



This file photo shows a woman looking into the Tesla store in Santa Monica, California, where customers are waiting in line to put a \$1,000 deposit on the as yet unseen Tesla Model 3. Customers will finally get behind the wheels of Model 3 cars on July 28, 2017 as Tesla tries to veer from its high-end image with a more affordable electric car. Tesla founder and boss Elon Musk planned to mark the occasion with a ceremony at the company's plant in the city of Fremont near San Francisco. (AFP)

WASHINGTON, July 29, (AFP): The International Monetary Fund warned world leaders Friday to avoid resorting to protectionist measures "at all costs" due to the damage it would cause to their own and the global economy.

At a time when President Donald Trump has repeatedly blamed trade for US economic woes, and threatened to impose barriers to imports, the IMF said such policies would not work.

In its sixth edition of an annual report analyzing imbalances in the global economy, the Washington-based fund said while total trade and investment imbalances have narrowed since the crisis, there has been an increased buildup of excess surpluses and deficits in advanced economies.

About a third of the total are considered undesirably large imbalances, and countries should put in place policies to reduce these, whether they are surpluses or deficits, the External Sector Report urged.

But it is the deficit countries most at risk of a "backlash" that could lead to anti-trade policies, IMF research chief Luis Cebaldu told reporters.

"A key point of the report is that protectionist policies should be avoided at all costs," he said.

**Musk estimates over half million reservations**

**Tesla delivers first lower-cost Model 3 cars**

FREMONT, Calif, July 29, (AP): Tesla Inc has finally made its long-promised affordable electric car. But it could take years to get it to all the people who want to buy it.

Tesla delivered the Model 3 small car to its first 30 customers — all employees — at a company party Friday night. CEO Elon Musk said Tesla will build the cars as fast as it can, but acknowledged that supply issues and other complexities will make it tough to reach his goal of making 500,000 cars next year. Fourteen-year-old Tesla has never made more than 100,000 cars in a year.

"We're going to go through at least six months of manufacturing hell," Musk told reporters Friday at Tesla's Fremont factory. "It's going to be quite a challenge to build this car."

With its \$35,000 starting price — half the cost of Tesla's previous models — and range of up to 310 miles (498 km), the Model 3 could bring hundreds of thousands of customers into the automaker's fold, taking it from a niche luxury brand to the mainstream.

Musk said around 500,000 people worldwide have already put down a \$1,000 deposit to reserve a Model 3. People ordering a car now likely won't

get it until late 2018. Cars will go first to employees and customers on the West Coast; overseas deliveries start late next year, and right-hand drive versions come in 2019.

The Model 3 has long been part of Palo Alto, California-based Tesla's plans. In 2006, Musk said Tesla would eventually build "affordably priced family cars" after establishing itself with high-end vehicles like the Model S, which starts at \$69,500. This is the first time many Tesla workers will be able to afford a Tesla.

**Difference**

"It was never our goal to make expensive cars. We wanted to make a car everyone could buy," Musk said. "If you're trying to make a difference in the world, you also need to make cars people can afford." For the base price, customers will get a Model 3 with 220 miles (322 km) of range. But the price can rapidly increase from there. Black is the only standard color, for example; any other color is \$1,000 extra. A fully loaded Model 3 with 310 miles of range and Tesla's full semi-autonomous Autopilot system costs a hefty \$59,500.

That could be a stretch for some buy-

ers, especially since there are limits on the \$7,500 US tax credit for electric cars. Once an automaker sells 200,000 electric cars in the US, the credit phases out. Tesla has already sold more than 126,000 vehicles since 2008, according to estimates by WardsAuto, so not everyone who buys a Model 3 will be eligible. Potential customers also could lose faith if Tesla doesn't meet its aggressive production schedule, or if the cars have quality problems that strain Tesla's small service network. The compact Model 3 may not entice a global market that's increasingly shifting to SUVs, including all-electric SUVs from Audi and others going on sale soon.

"There are more reasons to think that it won't be successful than it will," says Karl Brauer, the executive publisher for Cox Automotive, which owns Autotrader and other car buying sites.

But Musk says Tesla worked hard to make the Model 3 simpler and cheaper to make than Tesla's previous vehicles. It has one dashboard screen, not two. It doesn't have the fancy door handles that caused problems on the Model S, or the gull-wing doors of the Model X SUV. It's made primarily of steel, not aluminum.

Such policies are "unlikely to meaningfully address external imbalances and they would be extremely harmful for domestic growth and global growth," Cebaldu added.

Even if there is a short-term impact on a country's trade deficit when a barrier is erected to imports, IMF research shows "global GDP losses increase with the duration of protectionist policies, while the impact on global imbalances lessens" and currencies adjust to compensate. The IMF in recent weeks has issued annual reports scrutinizing key economies including the United States and Germany, in which it recommended increased focus on reducing the imbalances.

And while the Trump administration has accused Germany of taking unfair advantage of a relatively weaker euro currency value to boost its exports, Cebaldu said the IMF is "looking for actions from both sides, not just countries with surpluses."

In Germany's case, that means policies to boost domestic consumption, and for the United States reducing the government deficit and increasing productivity through things like education and infrastructure investment.

**NAFTA talks must 'do no harm' to agriculture sector: US official**

WASHINGTON, July 29, (AFP): Talks to renegotiate the North American Free Trade Agreement must "do no harm" to the agricultural sector in the United States and Mexico that have benefited from it, US Agriculture Secretary Sonny Perdue said Friday.

Near the end of a two-day visit to the Yucatan Peninsula in southern Mexico, Perdue said President Donald Trump is rightly concerned about helping the manufacturing sector in the NAFTA talks due to begin August 16.

"The unfortunate thing is that in many trade renegotiations ... agriculture is always used as retaliatory measure," Perdue told reporters in a conference call.

"Our goal, first of all, is to do no harm in agricultural sectors."

He said he is working to "persuade and inform" Trump and other US negotiators about how the country's manufacturing sector benefits from strong agricultural trade. "We understand there's got to be some equilibrating in manufacturing," he said, but "we hope that we can do it without diminishing the beneficial impact NAFTA has had on the agricultural sector."

Perdue met in Merida, Mexico with his counterpart Jose Calzada Rovirosa, who said his government's goal in the NAFTA talks was to "give us more certainty and improved trade."