Airbus 'deeply regrets' US tariff hike from 10pc to 15pc

WASHINGTON: The United States is increasing tariffs on Airbus planes imported from Europe to 15 per cent, authorities announced, in a move the aerospace giant said was "deeply" regrettable.

Decision to hike tariffs from Mar 18 "further escalates trade tensions between the US and the EU," the European aerospace giant said in a statement, adding it creates "more instability for US airlines that are already suffering from a shortage of aircraft." The announcement from the office of the United States Trade Representative (USTR) came just days after President Donald Trump said it was time to talk "very seriously" about a trade deal with the European Union. Duties have been at 10 per cent since October, when Washington hit European products worth US$7.5 billion with tariffs. "Airbus deeply regrets USTR's decision to increase tariffs on aircraft imported from the EU as well as the decision to maintain tariffs on goods from other sectors," the company said, referring to products - including wine, cheese, coffee and olives - which have been taxed at 25 per cent since October. The latest decision "ignores the many submissions made by US airlines, highlighting the fact that they - and the US flying public - will ultimately have to pay these tariffs," it added.

'ULTIMATELY HARMFUL': The European Commission, in a statement sent to AFP about the US decision on Airbus, struck a cautious tone. "In our view," it said, "the focus now should be on finding a negotiated solution to the aircraft disputes on the basis of the concrete EU proposals for existing subsidies and future disciplines in this sector." The German finance ministry said it had taken note of the US move, and reiterated its stance on tariffs. "Our basic position is clear: we reject any unilateral increase in customs taxes," it said in a statement. "Customs taxes are ultimately harmful to everyone, including the USA." Washington imposed punitive taxes on $7.5 billion in European products after the World Trade Organization (WTO) gave the United States a green light to take retaliatory trade measures against the EU over its subsidies to Airbus. Industry executives in Europe and the United States have been on tenterhooks awaiting each new announcement from trade authorities. "It has become abundantly clear that tariffs on distilled spirits products are causing rough seas on both sides of the Atlantic," the Distilled Spirits Council of the

United States said in a statement. The council called on authorities to withdraw 25 per cent taxes on American whiskeys in the EU, and 25 per cent taxes on liquors imported from five European countries, pointing to fears of a negative impact on the US economy and jobs. But Trump, a real estate developer turned politician, sees tariffs as a negotiating tool. After a trade war with China that lasted nearly two years and featured punishing reciprocal tariffs, Trump signed a "phase one" trade deal with Beijing in January, calling it a "momentous step ... righting the wrongs of the past."

He has now turned his sights to Europe as Washington brandishes the threat of taxing European auto imports, a move targeting Germany, Europe's biggest auto exporter. Trump wants EU member states to further open their markets to American products, particularly agricultural goods. He has also threatened to hike tariffs on French wine - currently taxed at 25 per cent - even further unless there is a deal on a digital tax which European nations want to impose on American giants such as Amazon and Facebook. **—Reuters**

UK post-Brexit rules to 'turn off tap' of low-skilled foreign labour

LONDON: Britain will "turn off the tap" of foreign, low-skilled labour and require all skilled workers wishing to come to the country to have a job offer and meet salary and language requirements as it sets post-Brexit rules from next year.

Britain formally left the European Union at the end of January but a transition period is in effect until Dec 31, during which time little changes. At the moment, European Union citizens are able to move freely between the member states, prompting some Britons to vote for Brexit in the 2016 referendum in a bid to bring down the number of people arriving in the country.

"Our new immigration system will turn off the tap of cheap, foreign low-skilled labour," interior minister Priti Patel wrote in The Sun on Sunday newspaper. "From next year, all skilled workers will need to earn enough points to work in the UK. They will need to speak English, have a firm job offer, and meet the salary requirements." Patel said "overall numbers" would fall under the plan. Some opposition politicians have argued that restrictions on immigration could harm public services such as the National Health Service which in certain areas relies on EU citizens who work as nurses and doctors. The government said it would award additional points to those working in sectors where there is a skills shortage. London and Brussels will spend this year negotiating the terms of a post-Brexit deal which will come into force on Jan 1 with the battlelines already drawn over how much Britain will diverge from EU rules and regulations. **—Reuters**

Big oil traders start investing in renewables

LONDON: The world's big oil trading firms are investing heavily in environmentally-friendly projects as they face increasing pressure from investors, governments, activists and financiers to find a sustainable business model. Vitol said last year 80% of its revenues came from oil and refined products. For Gunvor and Trafigura, their traded oil volume was around 70% each. For Glencore, oil accounts for around half of its traded volumes while metals and coal account most of the remainder. Of the big trading groups, Mercuria stands alone with power, gas and emissions accounting for two thirds of its traded volumes, according to its 2018 results.

Following is a list of assets and investments based on company websites and statements:

MERCURIA

**Bought ethanol plant in South Bend, Indiana in 2018 that produces 100 million gallons per year.

**Waste oils plant in Brunsbuettel, Germany that produces 250,000 tonnes per year of biodiesel.

CASTLETON

**Wind farm in West Virginia producing 264 MW.

**Wind farm in Texas producing 150 MW.

**Bought controlling stake in Delta Energy Group that recycles tires in 2017.

GUNVOR

**Restarted power trading in January with a new team in London.

**Bought two biofuel plants that process waste oils in Spain in 2019, in Huelva and Berantevilla, with a combined capacity of 150,000 tonnes per year.

**Plans to invest hundreds of millions to cut refinery emissions and add a hydrotreated vegetable oil unit to its Rotterdam refinery in the Netherlands.

TRAFIGURA

**Set up first power and renewables division in 2019

**Intends to set an emissions intensity reduction target this year.

**Bought a share in German "green hydrogen" start-up Hy2gen last year. It will produce hydrogen using wind and solar power to split water molecules.

**Invested in a solar project in Mali via clean power developer PASH Global.

**Invested in Finnish mining firm Terrafame for EV battery metal supplies in 2018.

**Terrafame plans to build a plant to produce EV battery chemicals financed by Trafigura.

VITOL

**Invested $200 million in VLC Renewables, a joint venture with Low Carbon.

**Through VLC, building a 500 MW wind farm in Ukraine to be completed in 2021.

**Has put online 49 megawatts of solar power in U.S. out of a total of 156 MW approved. The largest is Ben Morell Solar Farm in New Jersey at 28.5 MW.

**Invested in a bio digester in Idaho that converts 350,000 gallons of cow manure into 700,000 cubic feet of bio methane per day.

**Invested in start-up Arq that turns coal waste into a low-sulfur oil.

**Invested in start-up Quantafuel to transform plastic waste into diesel.

GLENCORE

**Part-owned subsidiary, Glencore Agriculture has six biodiesel processing plants, including in Argentina and Germany.

**Said in February last year that it would cap annual coal output at 145 million tonnes.

**Has reduced the use of diesel generation at some remote mines with hydroelectricity, wind and EV vehicles.

Aims to cut its emissions intensity by 5% from its 2016 figures by next year. **—Reuters

Chinese businesses in faraway Namibia feel virus fear

WINDHOEK: Namibia should by rights feel little concern about the coronavirus outbreak given that the sparsely-populated desert country is 12,000km from China and without a single confirmed case.

But like many countries on the continent, the southern African nation hosts a big Chinese retail business community with close links to home. And as the fear of infection spreads, businesses are taking things into their own hands. A notice in Chinese and English taped to an aluminium shutter on a Chinese-owned shop in Windhoek's Chinatown spells it out: Any merchant returning to Namibia from China "must be quarantined for 14 days and keep the shop closed for that period", state the typed instructions signed by the Chinatown management.

Many shop owners who travelled to China for the year-end break have opted to stay put instead of returning to Windhoek's Chinatown, a vast complex of nearly 200 retail, wholesale, food and electronics outlets in the northern industrial district of the capital.

NOT COMING BACK: In one block of 90 shops, 20 stores have not re-opened. The Chinese community, their embassy and Chinese Chamber of Commerce are trying their "very best to prevent people from returning from China to Namibia ... during this period," said Brian Lee, a businessman. For

those who travel nonetheless "we have already set up a quarantine place outside of Windhoek" where they will be kept until cleared of the virus, but nobody has been taken there yet.

"I think everybody is panicking, not just Namibians, also the Chinese community here is panicking as well," said Lee. Chinatown is usually teeming with shoppers, but not on this Friday afternoon. Shop owner Miang Li points to people's fear of contracting the virus from the Chinese as a reason for the dropping footfall, although he says mid-month blues - due to low funds between pay cheques - may also be to blame. "People who come here shout, 'coronavirus, coronavirus'," he told AFP at his clothes store.Li said inventories are dwindling because owners would rather not travel to China for their usual re-stock runs, instead clearing last year's stock at marked down prices. "Many of us here only go back in February or March for stock, now it is dangerous to go and come back," he said. "If you go now, you don't know if this country will let you come back." Chinatown caters to retail shoppers but also sells bulk to online and bricks-and-mortar boutiques in other parts of Namibia. "Clients from Walvis Bay, Swakopmund and Oshakati are not coming for now because we only have old stock," said the 52-year-old who has worked in Namibia for nine years. To make matters worse, some local staff are reluctant to continue working for the Chinese.

NOT WORTH IT: Shop attendant Matilda Ndinoshisho, 28, said a workmate had stopped showing up. "Her uncle and aunt told her the Chinese bosses will give her the virus that is killing all the Chinese and that a N$800 (US$54) salary is not worth losing her life or infecting the rest of them in the house," and so she quit, said Ndinoshisho. Namibia has had only one suspected case of coronavirus which turned out to be a false alarm. Health Minister Kalumbi Shangula said the government had medics screening visitors at all entry points into the country. "Every passenger who is coming into Namibia, whether from China or from any other country in the world, is subjected to a thorough screening," the minister told AFP.

"If anybody displays symptoms of being infected with the virus, that person is isolated immediately and monitored." Now known by its official designation COVID-19, the disease emerged in central China at the end of last year and has spread across the world. It has killed more than 1,600 people and sickened 68,000 in China. **—AFP**

Toyota to resume China output at three plants next week

TOKYO: Toyota Motor Corp said it plans to resume output at three of its four main auto plants in China next week. The resumption of production had initially been slated for Feb. 3 following the Chinese Lunar New Year holidays, but was delayed because of the new coronavirus outbreak in China. Operations at Toyota's plant in Changchun, Jilin province, and another plant in Guangzhou, Guangdong province, will restart on Monday, while a factory in the northern Chinese port city of Tianjin will resume operations on Tuesday, Toyota said. It has yet to be fixed when Toyota's Chengdu plant in Sichuan province will restart output, the Japanese automaker said. **—Reuters**

How much damage will COVID-19 inflict on China's economy?

SHANGHAI: Just five days before the Chinese New Year, the authorities in Beijing finally declared the coronavirus epidemic that originated in Wuhan to be a major public health emergency. Because Wuhan's municipal government had initially withheld information and failed to control the virus effectively, about 5 million residents and temporary workers left the city for the Lunar New Year holidays before the city was officially closed off on Jan 23.

As a result, the virus spread rapidly throughout China and beyond, leading to the current high-profile international health emergency. Unsurprisingly, China's economy is slowing down. The services sector, which includes retail, tourism, hotels, and transportation, and accounts for more than half of the country's GDP, is suffering severely.

Disruption in this sector will in turn affect manufacturing. And growing international concern at the continued spread of the virus might further strain trade and limit the movement of people. But the key question is whether we believe it will last longer.

My answer is no. The coronavirus epidemic is very unlikely to last long.

CHINA'S EFFECTIVE CONTROL MEASURES: Despite all its problems, China undoubtedly still has an unparalleled ability to mobilise resources in response to a large-scale emergency. Medical workers take the temperature of passengers after they got off the train in Jiujiang

During the last two weeks, for example, official efforts aimed at controlling panic have been first-rate. In addition to ordering a nationwide mobilisation of medical personnel and resources (including from the military), the authorities have been assessing major hospitals' capabilities to diagnose and treat coronavirus patients.

More importantly, as part of a national disease-control campaign announced on Jan 20, officials are identifying and observing any citizens who have traveled to and from Wuhan since the outbreak began. Meanwhile, urban communities and rural villages alike have tightened access restrictions in order to reduce unnecessary movements and aggregations of people, even establishing temporary rationing systems to distribute face masks to families and individuals.In addition, holidays have been extended and schools remain closed.

By helping to minimise the public's exposure to the peak of the epidemic, these steps are playing an effective role in curbing the spread of infection. There is a higher probability that the increase in the number of infections will slow in the coming weeks.

SHORT-TERM SLOWDOWNS: It is still too early to assess the full economic impact of the coronavirus outbreak. However, the key factor will not be the epidemic's range or severity, but rather its duration. A man wears a mask as he walks past a mural showing a modified image of the Chinese Communist Party. The sooner the epidemic is over, the quicker China's economy will recover, given its trend growth. Although severe control measures will weaken current economic performance, they might help to end the outbreak earlier. In any case, as both a theo-

retical and empirical matter, epidemics can cause only short-term economic slowdowns. Having said that, external shocks will not significantly alter the Chinese economy's medium- and long-term growth trend.

Back in 2003, for example, most economists and researchers estimated that the SARS outbreak would lower China's second-quarter GDP growth by about one-fifth, but shave less than 0.5 percentage points off the full-year figure. These forecasts reflected the limited number of regions and sectors affected by SARS, as well as the expectation that the outbreak would last no more than three months.As predicted, second-quarter GDP growth fell by two percentage points in 2003. At the time, China's economy was expanding by about 10 per cent annually, and the SARS-induced slowdown was quickly offset by subsequent strong growth.

So, on a graph of Chinese growth from 2002 to 2007, the impact of the SARS outbreak is not even visible.

DURATION THE KEY FACTOR: Although the scope of the coronavirus outbreak now exceeds that of SARS, its duration is still the key factor for assessing the size of the impact on the economy. Current data suggest that the epidemic will likely reach a turning point in the next two weeks. That would mean China might conquer the virus in the first quarter, which is essential to mitigating the epidemic's impact on overall growth in 2020. Security personnel check the temperature of shoppers at Hema, an Alibaba supermarket in Hangzhou, True, China's annual GDP growth of just over 6 per cent in the last several years is much slower than at the time of the SARS outbreak. But the Chinese authorities can still ensure a robust recovery through targeted fiscal- and monetary-policy adjustments that support small and medium-size enterprises and service-sector businesses affected by the coronavirus epidemic.

According to my preliminary estimates, the worst-case scenario is that the epidemic lowers GDP growth in the first quarter by a third or half, leaving the figure 2 to 3 percentage points lower than in the first quarter of 2019.

But if things start to look up in the second quarter, the ensuing rebound will partly offset that drop. And with the necessary macroeconomic policy adjustments in place, economic growth will accelerate again during the second half of the year. Provided there are no further external shocks, continued policy loosening should limit the full-year decline in GDP growth to 0.5 to 1 percentage point. That would imply a 5 to 5.5 per cent full-year economic expansion in 2020, which is still largely in line with China's current growth trend. **—CNA**