Friday Times

Business

Friday, March 15, 2019

European parliament deals setback to EU-US trade talks

MEPs meeting fails to pass approval of EU mandate

STRASBOURG: The European Parliament yesterday failed to back the launch of trade talks between the EU and the United States, dealing an unexpected blow to efforts to avert a trade war. Pursuing a limited trade deal was the central part of a truce agreed in July when European Commission President Jean-Claude Juncker and US President Donald Trump pledged no new tariffs following those on steel and aluminum.

That announcement allowed the two sides to reduce tensions at a time when Trump threatened to impose steep duties on European automobiles-a threat he has renewed in recent weeks. MEPs meeting in the eastern French city of Strasbourg yesterday failed to pass an approval of an EU mandate, after a rebellion by lawmakers changed the wording of the text. In the final tally, 223 voted against the recommendation to start the talks and 198 in favor, with 37 abstentions.

Paris wary after failure of talks on TTIP

The European Parliament only has an advisory role with regard to the EU's negotiating mandate, but it will have the final say once an agreement has been concluded. "We have taken note of the vote, on the draft EU-US negotiating directives. We await the outcome of the discussions in Council," a spokesman for the European Commission, the EU executive, said. "The Commission will of course involve the European Parliament throughout in this process," he added.

The European Council represents member states. The setback in parliament comes as debate over the contours of the deal already underlined deep transatlantic divisions, with the US insisting that farming be included-an idea rejected by the EU. But powerful Germany deeply wants the deal in order to placate Trump and avoid the auto tariffs that would punish the country's cherished exports, a prospect Chancellor Angela Merkel has labeled "frightening".

France however is dragging its feet, fearing that entering trade negotiations with Trump could fire up domestic opposition just months ahead of European elections, set for May 22 to 26. Paris is especially wary after the failure of talks on TTIP, a far more ambitious transatlantic trade plan, which stalled amid fears a deal with Washington would undermine EU food and health standards. —AFP

WASHINGTON: In this file photo, US President Donald Trump and European Commission President Jean-Claude Juncker, left, give a statement in the Rose Garden of the White House in Washington, DC. —AFP

Abu Dhabi's Etihad airways posts losses for third year

ABU DHABI: Abu Dhabi's Etihad Airways posted a loss in 2018 for the third year running, it said yesterday, blaming investment losses and challenging market conditions. The airline, which has been undergoing restructuring since late 2017, said it had narrowed its losses in 2018 to $1.28 billion, from $1.52 billion the previous year. Along with its 2016 losses, that adds up to total losses of $4.67 billion over three years, prompting the company to scrap dozens of orders on aircraft.

Established in 2003 by the oil-rich Gulf emirate's government, the airliner has faced stiff competition from regional rivals, Dubai aviation giant Emirates and Doha-based Qatar Airways. Etihad invested heavily in carriers around the world including Alitalia, airberlin, Air Seychelles, Virgin Australia and India's Jet Airways, some of which have faced financial difficulties, causing Etihad heavy losses. In late 2017, the company appointed Tony Douglas, a former British defense official, as its chief executive officer and launched a five-year restructuring process. Douglas said yesterday the airline was "streamlining our cost base, improving our cash-flow and strengthening our balance sheet." The company said its financials had improved since the restructuring process began, despite "challenging market conditions and effects of an increase in fuel prices." —AFP

Fearing new oil glut, OPEC builds case for keeping supply cuts

LONDON: OPEC yesterday cut the forecast of global demand for its oil this year as rivals boost production, building a case for extending supply curbs beyond June to stop any new glut. Continued supply reductions would further support oil prices, which are up about 25 percent this year at $68 a barrel, and incur the wrath of U.S. President Donald Trump, who has demanded OPEC ease its efforts to bolster the market.

In a monthly report, the Organization of the Petroleum Exporting Countries said 2019 demand for its crude would average 30.46 million barrels per day, 130,000 bpd less than forecast last month and below what it is currently producing. OPEC, Russia and other non-member producers, an alliance known as OPEC+, are reducing output by 1.2 million bpd from Jan. 1 for six months. The report said rising production outside the group pressed the need for continued restraint by OPEC+.

"While oil demand is expected to grow at a moderate pace in 2019, it is still well below the strong growth expected in the non-OPEC supply forecast for this year," OPEC said in the report. "This highlights the continued shared responsibility of all participating producing countries to avoid a relapse of the imbalance and continue to support oil market stability in 2019." OPEC sources have said an extension of the pact is the likely scenario.

The group will discuss this at a meeting in April, although top exporter Saudi Arabia has said a decision may not be made until another gathering in June. The 2019 pact was a U-turn after the producers had agreed to boost supplies in mid-2018. OPEC+ changed course after prices slid from $86 in October, making them wary of a new glut. Despite the new curbs, market indicators followed by OPEC will prolong concerns about excess supply. OPEC's report said oil inventories in developed economies were above the five-year average in January.

Venezuela output hit

OPEC's share of the cut is 800,000 bpd, and the report showed producers were over-delivering. Overall OPEC output fell by 221,000 bpd month-on-month to 30.55 million bpd. This was led by a drop in supply from Venezuela - exempt from the OPEC cut but under US sanctions - and a further voluntary reduction by Saudi Arabia. The 11 OPEC members required to cut output achieved 105 percent compliance in February with pledged curbs, according to a Reuters calculation, up from January.

Production in Iran and Libya, also exempt, was little changed. Even so, with the demand for OPEC crude forecast at 30.46 million bpd, the report indicates that the market would still face a small 2019 surplus if OPEC kept pumping at February's rate, as rivals such as the United States boost output. OPEC forecasts non-member producers to boost output in 2019 by 2.24 million bpd, 60,000 bpd more than expected previously. It kept its forecast for growth in global oil demand this year unchanged at 1.24 million bpd.—Reuters