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Business

ECB's Lagarde confident on outlook despite virus surge

Vaccination rollouts 'laborious', but growth forecasts 'plausible'

FRANKFURT: European Central Bank president Christine Lagarde said yesterday that she remained confident of the eurozone's recovery in 2021, despite renewed virus curbs and a challenging start to vaccination programs. The ECB's forecasts remain "very clearly plausible", Lagarde said at an online conference hosted by Reuters, adding she had "no reasons to believe our forecast is wrong at this point in time".

The ECB in December forecast economic growth in the 19-nation euro area at 3.9 percent in 2021, after a fall estimated at 7.3 percent in 2020.

A resurgence in COVID-19 cases has seen several eurozone nations impose tougher coronavirus restrictions, dampening economic expectations at the start of the year, while vaccination rollouts, which Lagarde described as "laborious", have faced criticism.

However, the ECB's forecasts are "predicated on lockdown measures until the end of the first quarter," Lagarde said. She cautioned that it would become "a concern" if member states need to extend their shutdowns "after the end of March". But Lagarde said some uncertainties-which she called "dark clouds over our heads"-have been cleared, including a post-Brexit trade deal, and the outcome of Senate races in the US state of Georgia giving Joe Biden more legislative stability as president. "From that basis we start on a more positive basis," Lagarde said.

Lagarde also welcomed the EU-wide agreement on its 750 billion euro ($913 billion) coronavirus recovery fund, and reiterated pleas for fiscal policy to support monetary efforts.

"Stimulus needs to be continued and properly targeted to those measures that would be most conducive to growth," said Lagarde, a former French finance minister and ex-head of the International Monetary Fund. At its last monetary policy meeting in December, the Frankfurt-based ECB boosted its pandemic emergency bond-buying program to 1.85 trillion euros and extended it to March 2022.

The ECB's governing council meets next week to discuss future monetary policy moves. — AFP

PARIS: President of the European Central Bank (ECB) Christine Lagarde holds her smartphone as she attends the One Planet Summit, part of World Nature Day, at the Reception Room of the Elysee Palace, in Paris, on Tuesday. — AFP

Stocks struggle as traders eye historic impeachment bid

LONDON: European equities struggled and the dollar traded mixed yesterday, with traders on edge ahead of the likely historic second impeachment of US President Donald Trump, dealers said. Sentiment was capped also by worries about the surge in COVID-19 infections, which has caused several countries to reimpose lockdowns as they battle to roll out vaccines.

In early afternoon deals, London stocks edged 0.1 percent lower, Frankfurt dipped 0.3 percent and Paris flatlined. Shares crept higher in Asia earlier with hopes for another vast US virus relief package largely offset by the political upheaval in Washington.

Oil prices and bitcoin steadied. "The impeachment of President Trump looked a long shot over the weekend-but if US press reports are to be believed, momentum appears to be building toward larger support within the Republican Party to impeach," noted MUFG economist Derek Halpenny.

"The shift is being fuelled by more violent footage of the attack on Capitol Hill last week-with matters made worse by Trump's lack of remorse." Democrats are pushing ahead with impeachment proceedings against Trump, who is accused of inciting last week's storming of the Capitol Building.

In response, Trump has warned of "tremendous anger" across the country, while there are concerns of further unrest in the lead up to Joe Biden's January 20 inauguration. Trump's second impeachment could also overshadow Biden's first few months in office and distract from his goal of pushing through a third rescue package for the US economy that he has said would be worth trillions of dollars.

"A lot changes in a week and that timeframe has taken Donald Trump from hoping to overturn his election loss-to merely hoping he can remain in the White House for another week," said IG analyst Joshua Mahony. In London, the British pound rallied as high as $1.3685, close to a 2.5-year peak, after Bank of England governor Andrew Bailey distanced himself from the idea of negative interest rates-but he still warned Britain faced its "darkest hour" due to the virus fallout. — AFP

UK billionaire, Daily Telegraph owner Barclay dies

LONDON: David Barclay, the secretive British billionaire whose portfolio included The Daily Telegraph newspaper and The Ritz hotel, has died aged 86 after a short illness, his newspaper reported yesterday. Barclay and his twin Frederick, described by the daily as "identical in appearance, lifestyle and often even in dress", built a vast business empire from shipping to retail.

"The Barclay brothers operated as one throughout their active business career, while doing their utmost to avoid personal publicity and discourage media scrutiny," the broadsheet added. Among those paying tribute to David Barclay was a former employee, Prime Minister Boris Johnson, who made his name on the newspaper as a Brussels-bashing Europe correspondent, and later a columnist.

"Farewell with respect and admiration to Sir David Barclay who rescued a great newspaper, created many thousands of jobs across the UK and who believed passionately in the independence of this country and what it could achieve," Johnson tweeted.

The Barclay brothers entered the media industry in 1992 when they bought The European, a weekly newspaper launched two years earlier by the media magnate Robert Maxwell. They later bought The Scotsman daily before finally realizing their ambition of owning Conservative bastion The Daily Telegraph in 2004. The brothers, long advocates of small government and low taxes, were strong supporters of former British prime minister Margaret Thatcher, putting her up in their plush Ritz in London during her final days.

They were born into a large working class Scottish family in London in 1934 and left school at 14 to pursue their joint business ambitions, making their names initially in the property market. "They are very effective stealth buyers," one financier told the Telegraph. "They come out of nowhere and move quickly."

LONDON: In this file photo taken on January 18, 2004 Sir David Barclay (left) and his twin brother Sir Frederick pose after receiving their knighthoods from the Queen at Buckingham Palace. David Barclay, the secretive British billionaire whose portfolio included The Daily Telegraph newspaper and the Ritz hotel, died on January 10, 2021 aged 86 after a short illness, his newspaper reported yesterday. — AFP

The brothers, based on the Channel Island of Sark, became embroiled in a rare public row last year over the sale of The Ritz to a brother-in-law of the ruler of Qatar, which ended up in court. They were knighted in 2000, kneeling side by side before Queen Elizabeth II in the first double knighthood ceremony in the modern era. David Barclay, who died on Sunday, was married twice and leaves behind four sons. — AFP

Apple's Cook wants Capitol attackers held accountable

SAN FRANCISCO: Apple chief Tim Cook says he wants those involved with the deadly attack on the US Capitol last week to be held accountable, even if that includes US President Donald Trump.

"Everyone that had a part in it needs to be held accountable," Cook said in a CBS This Morning interview posted online Tuesday. "I think no one is above the law. We're a rule of law country."

The remarks came during an interview that was arranged with Cook at Apple headquarters in Silicon Valley to discuss an announcement being made by the company yesterday.

Cook did not specifically mention Trump, but said that anyone with a role in the insurrection should be held accountable under the law. "I don't think we should let it go," Cook said. "This is something we've got to be serious about. I think holding people accountable is important." — AFP

Apple CEO Tim Cook

Uber, Lyft drivers challenge California 'gig worker' ballot

SAN FRANCISCO: Drivers for ride-share and meal delivery apps filed a lawsuit Tuesday to nullify a referendum passed by California voters that lets such "gig workers" be treated as contractors.

Labor legislation known as Proposition 22 — passed in November and heavily backed by Uber, Lyft and other app-based, on-demand delivery services — effectively overturned a state law requiring them to reclassify their drivers and provide employee benefits. The lawsuit argued the measure is invalid because it usurps the power of state courts and legislators when it comes to worker rights and compensation.

The suit was filed directly to the top court in the state by a few drivers and the Service Employees International Union. "The measure grossly deceived the voters, who were not told they were voting to prevent the Legislature from granting the drivers collective bargaining rights," the lawsuit argued.

The suit went on to argue that the initiative also precluded the state legislature "from providing incentives for companies to give app-based drivers more than the minimal wages and benefits provided by Proposition 22." Defendants in the litigation were the state of California and its commissioner of labor.

The November vote came after a contentious campaign with labor groups claiming the initiative would erode worker rights and benefits, and with backers arguing for a new, flexible economic model.

The victory for the "gig economy" in California was expected to echo across the US, in a boon for app-based services while igniting fear that big business is rewriting labor laws.

Uber chief executive Dara Khosrowshahi has vowed to "more loudly advocate for new laws like Prop 22." More than $200 million was spent promoting Proposition 22, while only a tenth of that amount was spent by labor groups opposing the measure. Under the proposition, drivers remain independent contractors but Uber and Lyft are to pay them a number of benefits including a minimum wage, a contribution to healthcare and other forms of insurance. Critics of the measure said it failed to take into account the full costs borne by drivers. Uber and Lyft claimed most drivers support the contractor model. But the firms had been sued by the state which argued keeping that model violated California labor law. A Proposition 22 victory renders the court case effectively moot. — AFP

LOS ANGELES: In this file photo rideshare drivers demonstrate against rideshare companies Uber and Lyft during a car caravan protest in Los Angeles. — AFP

British businesses grapple with Brexit border fallout

LONDON: British companies are struggling with a large amount of red tape as a result of Brexit, nearly two weeks since the country's final divorce from the European Union. Senior government minister Michael Gove recently admitted there will be "significant disruption" at the border because of increased bureaucracy that is slowing the flow of freight-and is especially damaging for fresh produce.

Under the Brexit trade deal, which came into force on January 1, UK exporters now face costly and time-consuming paperwork, including customs declarations, regulatory food safety checks and "rules of origin" levies.

The logistics industry is experiencing a major headache with traffic slowing at the border, particularly at the Channel port of Dover. Even before Brexit, traffic had been hit by new Covid-19 border restrictions, as European nations sought to curb spiking infections, particularly from a virulent new strain. Logistics companies are now trying to curb their dependence on Dover. They are undertaking far longer journeys to reach Ireland, for example, by staying within the European Union to bypass the UK.

Freight had already begun shifting away since the Brexit referendum in 2016, with goods increasingly travelling to eastern English ports, and also via railway. UK-registered trucks are meanwhile now only allowed one stop in the European Union to unload goods, which has placed the music concert touring industry in crisis.

Britain's chemicals, electrical equipment, machinery, metals, minerals and textile sectors have been snared by the trade deal's so-called "rules of origin". — AFP