



**BEIJING:** In this Monday, Sept 5, 2016 file photo, a woman uses a purse to hide her face as she walks past a giant handbag on display at a shopping mall. The American and Chinese presidents are calling on major economies to defend free trade at a summit held as sluggish growth and disputes over steel and other imports fuel demands in the United States and Europe to protect local industry. —AP

## CHINA SAYS EU DUTIES ON CHINESE STEEL ARE UNFAIR

**BEIJING:** China's Commerce Ministry has expressed concern and regret after the European Union set provisional import duties on two types of Chinese steel coming into the bloc, calling its investigation methods "unfair". The duties announced on Friday are the latest in a line of trade defenses set up against Chinese steel imports over the past two years to counter what EU steel producers say is a flood of steel sold at a loss due to Chinese overcapacity.

Some 5,000 jobs have been axed in the British steel industry in the past year as it struggles to compete with cheap Chinese imports and high energy costs. G20 governments recognized last month that steel overcapacity was a serious problem. China, the source of 50 percent of the world's steel and the largest steel consumer, has said the problem is a global one.

The substitute country investigation method used by the EU, a practice typically reserved for countries deemed non-market economies, are "unfair and unreasonable" and "seriously damage the interests of Chinese enterprises," the Commerce Ministry said in a statement posted to its website late on Saturday. "Reckless trade protectionism and mistaken methods that limit fair market competition are not the proper ways to develop the European Union steel industry," it said.

Chinese steel products represent less than 5 percent of the European market and do not present a serious threat to European industry, the ministry said. The root cause of Europe's steel problems was not trade but weak economic growth, it said. "China hopes the EU will strictly respect relevant World Trade Organization rules and fully guarantee Chinese companies' right to protest," the ministry said.

The EU's duties are set at between 13.2 and 22.6 percent for hot-rolled flat iron and steel products and at between 65.1 and 73.7 percent for heavy-plate steel. As provisional duties they are in place for up to six months until the European Commission completes its investigation. If upheld, they would typically be set for five years. The commission has committed to speed up its trade defense actions under pressure from EU producers.

The EU has also been debating whether to grant China "market economy status", given the Chinese government's hand in guiding industry and markets. China says the status is its right come December, which marks 15 years since it joined the WTO. Failure to do so could spark a trade war. The commission has said that China is not a market economy and that it would not recognize it as such, but would adopt a new method to set duties that would abide by WTO rules. —Reuters

## AUSTRALIAN-CHINESE BID FOR HUGE CATTLE ESTATE

**SYDNEY:** Australia's richest woman and a Chinese property developer joined forces yesterday to bid for one of the world's largest cattle estates, despite Canberra's rejection of previous foreign offers. Australia's biggest private landowner, cattle firm S Kidman and Co, has attracted keen interest from Chinese firms wanting to secure the sprawling pastoral empire. But the government has previously rejected two Chinese-led bids, citing the national interest.

Under the new offer announced late yesterday, mining magnate Gina Rinehart's Hancock Prospecting will acquire 67 percent of Kidman and Chinese property developer Shanghai CREC 33 percent for some Aus\$365 million (US\$277 million). Shanghai CREC was part of a Chinese consortium involved in the previous bids. The Chinese stake in the current bid would be significantly smaller than previously.

Kidman chairman John Crosby welcomed the "significant investment proposed in addition to the purchase price and (we) are confident that the Kidman business will be in good hands". The first bid was rejected last November since part of the holdings contained a weapons testing area. After that, the

Anna Creek station in South Australia next to a rocket testing range was separated out and is no longer included in the sale.

The new bid will be partly funded by the sale of Anna Creek and will be subject to approval by Canberra and Beijing. Apart from the continued Chinese interest, the offer also reflects a further push by Rinehart—who is worth more than Aus\$6 billion according to The Australian Financial Review—into agriculture.

Rinehart's Hancock Prospecting owns 70 percent of the massive Roy Hill iron ore mine in Western Australia, and has also bought cattle stations in that state and in the Northern Territory in recent years. Kidman, founded in 1899, holds around 1.3 percent of Australia's total land area, and 2.5 percent of the nation's agricultural land. It is currently 33.9 percent foreign-owned. Even without Anna Creek it represents two percent of agricultural land. It is a key source of beef for export to Japan, the United States and Southeast Asia. Canberra has become increasingly concerned about the purchase of Australian infrastructure and land by overseas interests, and in August blocked the sale of its largest electricity network to foreigners. —AFP

## GREEK AIR TRAFFIC CONTROLLERS ABANDON PLANNED STRIKES

**ATHENS:** Greek air traffic controllers have canceled a plan for successive 24-hour strikes next week after meeting with the country's transport minister. The air controllers' union said in a statement Saturday evening that Transport Minister Christos Spirtzis had promised to make changes to a draft bill that reorganizes Greece's civil aviation authorities.

The reforms are one of a handful of outstanding actions that Greece's left-

led government must do to receive a 2.8 billion-euro (\$3.1 billion) rescue loan installment from its European partners.

The first 24-hour strike was to begin at midnight Saturday. Further strikes had been scheduled for Monday, Wednesday and Thursday. The strikes would have led to the cancellation of hundreds of flights. A few airlines had already announced a reduced schedule for next week. —AP

# MADAGASCAR HILLS STRIPPED BARE AS LOCALS SEEK LAND

**RANOMAFANA:** "Last time, I burnt a section about that big," says Mihareta Laivoa, pointing to a parcel of land about the size of a football field, as the farmer admitted to having destroyed forest to make way for his crops. "I don't own a piece of land in the valley, so I have no choice," explains the 41-year-old father in a remote corner of Madagascar. "Without this, I wouldn't be able to survive." But the impact of deforestation on this south-eastern region of the African island nation has been devastating.

In a countryside stripped bare by decades of burning, only a few untouched, green mountain crests bear witness to the forgotten splendor of the area. "Ten years ago, there were still forests on most mountainsides. Today, there are hardly any left," says Jean Doine Raifetra, mayor of the Ranomafana community, whose 22,000 residents live scattered across several villages. In Ranomafana, on the edge of a UNESCO World Heritage site and national park, residents survive almost exclusively on subsistence farming.

From a rutted patch of land, long plumes of white smoke can be seen curling into the sky as the forest is burnt to make way for arable land—a practice the locals call "tavy". But as forests are destroyed, vital water sources streaming down from the mountain dry up. In a cruel catch-22, farmers—unable to sufficiently irrigate their crops burn even more land in search of fertile soil.

### 'Farm life will vanish'

From a hilltop overlooking his village, Jean Realy points to his parched rice paddy below. He could once expect to produce eight or nine sacks of rice a year from that field. This year, he's facing a dry season. "Because of deforestation, the (water) source has dried up. In the 1980s, by September we



**ANDASIBE:** This file photo taken on September 18, 2008 shows men loading sacks filled with charcoal onto a truck. —AFP

had water as high as your hip," he says. Standing in his paddy now, his feet are bone dry.

He's relying on the rains—already scarce in this region—to avoid going hungry. With an annual budget of just 100 ariary (about three US cents) per resident, Ranomafana does not have the capacity to defend the environment against 'tavy'. So a consortium of NGOs, in partnership with the French Development Agency (AFD), have established a pilot forest conservation project in the region. Launched in 2008, the 4.0-million-euro (\$4.5-million) plan has brought together about 20 villages to create a zone of hundreds of hectares where deforestation is strictly forbidden. "Without the forest, there are so many aspects of

farm life that will vanish," says Matthieu Baehrel of the non-governmental organization Ecterra.

### 'Changing mentalities'

The message to farmers is that failing to protect the forests upstream means a drop in agricultural productivity downstream. "Once this concept catches on, it becomes easier to change things," says Helene Gobert, who heads up AFD's rural development and environment projects in Madagascar. The forests are also a target for villagers who use the wood to build and cook, so work is likewise focusing on showing how reforestation projects can be used to raise standards of living.

"Thanks to 'reforestation', we don't have to go looking in the for-

est for wood or building material," says resident Mamonjy as he hacks away with his machete at a grove of acacia and eucalyptus trees replanted in his village in 2012. Still, in a region the size of France where nine out of 10 people live below the poverty line, the challenges are enormous.

"The message has begun to sink in and we're starting to see the results... (but) we're talking about changing mentalities about things that have been practiced sometimes for millennia," says Baehrel. The thing about trees, adds Gobert, is that they take a long time to grow and the positive effects are not immediately visible. "We need projects that last if we're to have any hope of making a real difference," she says. —AFP



## BROTHERS BEHIND UBISOFT LOCKED IN A REAL-LIFE BATTLE FOR CONTROL

**PARIS:** Nothing in the farming background of the Guillemot brothers, who hail from the remote Brittany region, destined them to one day do battle with France's most feared corporate raider. But that was before they conquered the gaming world with titles like Just Dance and action game Assassin's Creed, attracting the voracious attention of fellow Breton businessman, Vincent Bolloré, head of the Vivendi media conglomerate.

The Guillemot brothers are already one-nil down against Bolloré. Vivendi succeeded earlier this year with a hostile public offer for shares in Gameloft, the developer of games for mobile devices including the Dungeon Hunter and Modern Combat series, that was founded by Michel Guillemot. And now Bolloré also wants Ubisoft, the prized jewel in the Guillemot crown. He has already taken nearly 23 percent in the company that is led by Yves Guillemot. That sounded the alarm among the tight-knit and discreet brothers, who own just 13 percent of Ubisoft's shares with 19 percent of the voting rights.

Moreover Bolloré will soon benefit from a new regulation in France that gives long-term shareholders double voting rights, to have 27.5 percent of votes. Vivendi's pledge in June that it would not launch a hostile public offer for Ubisoft for the next six months did little to calm their worries, as Bolloré has made no secret of his desire to unite Gameloft and Ubisoft.

Concerned that Vivendi's next step may be a push to get its representatives on Ubisoft's board of directors, the Guillemot brothers circled the wagons ahead of Ubisoft's general shareholders meeting at the end of September, causing Vivendi to back off. But Vivendi said in a statement later it "considers that it would be good corporate governance for it to be represented on the company's board of directors considering its level of equity interest".

"Vivendi's statement should feed the fear of management to a creeping takeover by the media group," said a client note from the Gilbert Dupont brokerage. Vivendi also blocked measures at the meeting which would have given the board the right to distribute free shares or offer share options to managers or employees, which would have allowed the Guillemot brothers to cheaply strengthen their control over Ubisoft.

Yves Guillemot said after the meeting they had "won an important battle for the company" but not the war. "The tension may re-emerge next year," he said, recognising the threat of a hostile offer for Ubisoft. Gilbert Dupont said it considered a public offer unlikely at this point, given the opposition voiced by employees at the shareholder meeting to the prospect of a Vivendi takeover. Another broker, who asked not to be named, noted that a public takeover would require an additional outlay of 3 billion euros (\$3.4 billion), and that given its debt levels, Vivendi may not want to fork out the cash.

### Commodities to computers

The company that was the top game publisher for consoles in the first half of 2016 in the key North American and European markets traces its origins to an unlikely place. The five Guillemot brothers—who also include Gerard, Claude and Christian — grew up in the tiny Brittany town of Carentoir.

Their business adventures began in 1984 when Claude and Michel turned their parents' business in trading agricultural commodities towards the burgeoning computing sector, in particular the distribution of video games. After creating two games for the Amstrad and Commodore 64 personal computers, they launched Ubisoft in 1986. Ubisoft scored a breakout success in 1995 with Rayman, featuring

the limless humanoid known to throw his floating appendages at his enemies, on the first Sony Playstation console.

It quickly emerged as a major firm in the industry, generating 1.4 billion euros in annual sales and employing 11,000 people across 20 countries. The brothers, who all sit on the board of directors, hold equal shares in Ubisoft and the other family-held companies. They speak each week in sometimes stormy conference calls, and gather regularly for trips on the family yacht anchored in the Brittany port of Trinité-sur-Mer.

"The Guillemots are a clan of discreet visionaries," said Laurent Michaud, an expert at the Idate technology consultancy. "They take risks with small teams on projects off beaten paths." But their propensity to invest in numerous projects could end up being their undoing. To raise funds to invest the Guillemots listed Ubisoft on the stock exchange in 1996, and have gradually seen their stake diluted to where they are now no longer the top shareholder.

The brothers have, however, successfully defended Ubisoft against a hostile takeover attempt before, seeing off the giant US game developer Electronic Arts in 2004. But with Bolloré, they have an experienced corporate raider and in Vivendi a media company with interests in film and television that could gain additional value from Ubisoft's game franchises. Ubisoft has, in fact, been moving in this direction itself. Its movie unit, Ubisoft Motion Pictures, will be coming out with its first full-length feature film, Assassin's Creed, in December. Ubisoft teamed up with Fox for the film, but Vivendi has film unit StudioCanal. Ubisoft has also moved quickly to catch up in the mobile game segment, announcing last month it had acquired Ketchapp, a French start-up behind smartphone games 2048 and Stack. —AFP