

Business

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HONG KONG: A Filipino woman laborer looks at her phone as she relax on her day off in Hong Kong yesterday. Every Sunday thousands of female workers from Indonesia and the Philippines gather in the downtown area to visit with friends, and relax on the one day off many of them get. —AFP

EU seeks to plug holes in post-Brexit budget

Britain's exit could leave a hole of \$15-19 billion in budget

BRUSSELS: EU leaders face difficult talks this week on the thorny issues of how to plug holes in the post-Brexit budget and choose a successor for European Commission chief Jean-Claude Juncker. A special one-day summit in Brussels on Friday of the 27 leaders without Britain is meant to be a key step in the roadmap to a leaner and more unified bloc after Britain leaves in just over a year. But cracks have already appeared between French President Emmanuel Macron, leading the charge for a reformed Europe, and Juncker with his federalist vision of how top EU officials should be chosen in future.

The row means the EU's attempts to overcome the shock of losing a major member are running into the classic problems that have bedevilled it for its six decades of existence: money and sovereignty. Juncker was picked after European elections in 2014 by a controversial "Spitzenkandidat" system—German for "lead candidate"—under which the political group with the most votes gets to nominate its candidate for the job. Both the European Parliament and Juncker back a repeat after the May 2019 European election, saying it gives the public a direct say in who heads the commission, the EU's powerful executive arm.

European Council President Donald Tusk—who coordinates summits and represents the EU member states—is

expected to lay out options at the summit, including whether to continue with the Spitzenkandidat system. Leaders are expected to say it is their own "right and obligation" to choose the commission chief, while "taking into account" the views of parliament, as the EU treaties state, an EU source said.

Many national leaders are bitterly opposed to the Spitzenkandidat process, saying it sidelines democratically elected heads of government in favor of a backroom deal by Brussels-based political parties, and also makes the job of commission chief too political. Macron this week slammed the Brussels establishment as ideologically incoherent and called for a "political revamp" to give the commission a clear mandate, defined by the national leaders.

Juncker however said earlier this week that the

Spitzenkandidat system was "completely logical". He also called for the commission chief's job to be merged with Tusk's. The row has become particularly fierce after the European Parliament earlier this month dealt Macron a

slap by voting against "transnational lists" which would allow 30 of the 73 seats vacated by Britain to be elected on pan-European tickets, instead of directly to constituencies. "Why should we have Spitzenkandidaten if we have no transnational list for elections?!" Luxembourg Prime Minister Xavier Bettel tweeted.

Fixing a hole

Filling the hole that Brexit leaves in the EU's multi-year budget from 2020 threatens to open up even deeper divisions—but this time between member states themselves. Tusk will ask the leaders at the summit whether they want

to increase the budget, decrease it or keep it the same, sources said. EU Budget Commissioner Guenther Oettinger has said that Britain's exit could leave a hole of as much as between 12 and 15 billion euros (\$15-19 billion) and suggested that contributions be increased to between 1.1 percent and 1.2 percent of GDP from the current level of one percent of GDP in the 2014-2020 budget.

The Netherlands, Denmark, Austria, Sweden and Finland, all net contributors, are said to be against that idea. Warnings by Oettinger of cuts on agriculture—a bugbear for France—and "cohesion funds" that benefit poorer eastern European states are also likely to go down badly. But there is little appetite for suggestions that the EU could try to bring countries like Poland and Hungary into line on issues including the rule of law and migration by making cohesion funds "conditional" on good behaviour. With these tensions in the background it is no surprise that the EU has been stressing the need for unity in Brexit talks with Britain. Tusk is expected to ask leaders on Friday if they want to push ahead next month with issuing negotiating red lines on a post-Brexit future relationship with Britain. Uncertainty over Britain's wishes, and difficulties in negotiations on a post-Brexit transition period, could push that back.—AFP



Leaders eye a successor to Juncker

Latvia CB head urged to quit during graft probe

RIGA: Latvia's anti-corruption agency has detained central bank governor Ilmars Rimsevics, prompting calls for him to step aside while he is under investigation. In a statement to Reuters, Latvia's Prime Minister Maris Kucinskis did not say why Rimsevics, a member of the European Central Bank's Governing Council, had been detained or what he was being investigated for. However, he attempted to reassure people that the economy was stable.

"There are no indications that would suggest threats to the financial system of Latvia," Kucinskis said in an emailed statement. Finance Minister Dana Rezniece-Ozola said Rimsevics should step aside for the time being to protect

the Baltic country's reputation.

"Given that the governor of the central bank is a symbol for every country, I think that it would be sensible at this moment that Mr. Rimsevics, at least during the investigation, steps down," Rezniece-Ozola told a news conference. "Under the current circumstances... every day that Mr. Rimsevics remains in the post of governor of the central bank, the situation (for the reputation of Latvia's financial system) substantially worsens," she said. Rimsevics' lawyer told local media that the detention was unlawful.

"A complaint is being prepared at the moment," the lawyer, Saulvedis Varpins, told news agency LETA without elaborating. The Latvian central bank is an independent institution and Rimsevics has been its head since 2001. He has been a member of the ECB's Governing Council since January 2014, when Latvia adopted the euro. spokesperson for the European Central Bank declined to comment on Rimsevics' detention.

Latvia's Economics Minister Arvils Aseradens, speaking on Radio Latvia, also said the governor should consider resigning. The home and office of the central bank's governor



Ilmars Rimsevics

were searched on Friday, the state broadcaster said on Saturday.

It is another setback for Latvia's banking sector, which has also been hit by allegations by the U.S. Treasury Department's Financial Crimes Enforcement Network that its third largest financial institution by assets, ABLV Bank, has institutionalized money laundering. FinCen said last week that it was seeking to impose sanctions on ABLV. ABLV said in a statement in response on Tuesday that FinCen had referred to unfounded and misleading information about the bank. — Reuters

UAE awards Spanish firm stake in oil concession

ABU DHABI: Abu Dhabi National Oil Co (ADNOC) said yesterday it has awarded Spanish Cepsa firm a 20 percent share in a concession of two offshore oil fields in a deal worth \$1.5 billion. The 40-year deal aims to double production at the emirate's offshore fields of SARB and Umm Lulu to 215,000 barrels per day, state-owned ADNOC said in a statement. Its subsidiary, ADNOC Offshore, will retain a 60 percent stake in the project while

the remaining 20 percent will be awarded to another company, the statement said. Cepsa, a global oil and gas company, is wholly-owned by Abu Dhabi's Mubadala Investment Company which has assets worth over \$125 billion. "This long-term agreement is a milestone in the development of Abu Dhabi's integrated oil and gas sector and in the delivery of ADNOC's 2030 smart growth strategy," CEO of ADNOC Sultan Al-Jaber said.

Last week, ADNOC awarded a 10 percent stake in the offshore concession of Lower Zakum to an Indian consortium led by ONGC Videsh company for \$600 million. ADNOC Offshore also retained a 60 percent stake in that concession, with plans to award the remaining 30 percent to a third company. The aim is to more than double production at Lower Zakum to 450,000 bpd.—AFP