

Business

Fear and fanfare as Hong Kong launches China railway project

Critics say HK gives away part of city's territory to Beijing

HONG KONG: A new high-speed rail link between Hong Kong and mainland China launched Sunday, a multi-billion-dollar project that critics say gives away part of the city's territory to an increasingly assertive Beijing.

Chinese security have been stationed in semi-autonomous Hong Kong for the first time at the harbor-front West Kowloon rail terminus, as part of a new "special port area" that is subject to mainland law.

Despite critics' fears over passenger safety in the mainland zones, hundreds gathered at the terminus, with the first train leaving for the southern Chinese city of Shenzhen at 7:00 am (2300 GMT Saturday).

"I'm not worried about the (mainland security) issue. They're only here to work, the joint checkpoints are just to make things more convenient and make border-crossing clearance faster," one 39-year-old passenger who gave his name as Mr. Chan told AFP.

Travellers cross through immigration and customs into the mainland-controlled portion of the station, which includes the platforms and the trains, even though West Kowloon is miles from the border further north. Under Hong Kong's mini-constitution-the Basic Law-China's national laws do not apply to the city apart from in limited areas, including defense.

Hong Kong also enjoys rights unseen on the mainland, including freedom of speech, protected by a deal made before the city was handed back to China by Britain in 1997. But there are growing fears those liberties are being eroded.

Officials argue joint checkpoints will make journeys easier as passengers need no further clearance after crossing into the mainland. The bullet trains to southern China promise to be far quicker than existing cross-border rail links, and long-haul services will cut journey times to Beijing from 24 hours to nine hours.

"This is definitely convenient in terms of time," said

one passenger who gave his name as Mr. Kwok and was taking a train to visit his ancestral home in the southern Chinese city of Chaozhou.

But he added that tickets were expensive and the purchasing system inefficient, having queued for four hours ahead of Sunday to buy them.

A second-class ticket to Shenzhen costs HK\$86 (\$11), while travelling to Guangzhou costs HK\$247 and to Beijing HK\$1,237.

'Imperialist attitude'

Opponents warn that giving away control of land in the heart of Hong Kong is a dangerous precedent as Beijing seeks to tighten its grip on the city following mass pro-democracy protests in 2014 and the emergence of an independence movement.

"It's almost like an imperialist attitude on the part of Beijing," pro-democracy lawmaker Claudia Mo told AFP. There are also questions over how Hong Kong citizens will be required to behave in the zones subject to Chinese law, whether they will be punished for using Facebook and Twitter-banned on the mainland-or targeted for wearing clothing with political slogans.

AFP journalists in the station yesterday could still access social media and websites, even when using a mainland Chinese WiFi provider. On the train, passengers had to switch to a registered Chinese mobile number or WeChat account to access WiFi once they crossed into Shenzhen. There are concerns too over the sharing of personal information with Chinese authorities.

However, pro-establishment lawmaker Regina Ip described the fears as "overblown". "(The rail link) provides unprecedented convenience of travel," she said. Travellers on the first service out of Hong Kong grappled with reversible seats that were pointing the wrong way,



GUANGZHOU: Passengers gesture as the first train of the Guangzhou-Shenzhen-Hong Kong Express Rail Link departs from Hong Kong on the first day of service yesterday. — AFP

but the train left promptly, with doors closing at 6:59 am.

Mainland passengers arriving on early trains were greeted with "I love Hong Kong" mugs in goodie bags and signs welcoming them to the city.

One arrival who gave her name as Mrs. Tian, 64, said it was her first time in Hong Kong. "It was too fast!" she

said of the train, adding the journey had been "very comfortable". The special port area was quietly handed over to mainland personnel earlier in September. The hush-hush ceremony took place at midnight and was not announced by the Hong Kong government until it was over. There was no media access. —AFP

Porsche first German carmaker to abandon diesel engines

BERLIN: Sports carmaker Porsche said yesterday it would become the first German auto giant to abandon the diesel engine, reacting to parent company Volkswagen's emissions cheating scandal and urban driving bans.

"There won't be any Porsche diesels in the future," CEO Oliver Blume told the newspaper Bild am Sonntag.

Instead, the luxury sports car brand would concentrate on what he called its core strength, "powerful petrol, hybrid and, from 2019, purely electric vehicles". The Porsche chief conceded the step was a result of the three-year-old "dieselgate" scandal at auto giant Volkswagen.

VW in 2015 admitted to US regulators to having installed so-called "defeat devices" in 11 million cars worldwide to dupe emissions tests and obscure its much higher emissions on the road.

It has so far paid out more than 27 billion euros in fines, vehicle buybacks, recalls and legal costs and remains mired in legal woes at home and abroad. Diesel car sales have dropped sharply as several German cities have banned them to bring down air pollution — a trend that Chancellor Angela Merkel was due to discuss with car company chiefs in Berlin later Sunday.

"The diesel crisis has caused us a lot of



The Porsche chief Oliver Blume conceded the step was a result of the three-year-old 'dieselgate' scandal at auto giant Volkswagen. — AFP

trouble," Blume said, months after Germany's Federal Transport Authority ordered the recall of nearly 60,000 Porsche SUVs in Europe.

City driving bans

Stuttgart-based Porsche in February stopped taking orders for diesel models, which it had sold for nearly a decade. Blume said Porsche had "never developed and produced diesel engines", having used Audi motors, yet the image of the brand had suffered.

He promised that the company would keep servicing diesel models on the road now. Blume also defended diesel as a viable technology, which the broader VW group

plans to keep using. "I think modern diesel engines are highly attractive and environmentally friendly," he said. "They will continue to be of great importance to the auto industry in the future."

However, he added, "for us as a sports car manufacturer, where the diesel has traditionally played a subordinate role, we believe that we can do without diesel in the future." According to the paper, Porsche also faces new claims of having manipulated engines to produce a more powerful sound with a technique that was deactivated during testing. Blume acknowledged that German regulators had pointed to irregularities in the 8-cylinder Cayenne EU5, affecting some 13,500 units. — AFP

Asian firms shuffle production around the region as China tariffs hit

SEOUL/TOKYO: A growing number of Asian manufacturers of products ranging from memory chips to machines tools are moving to shift production from China to other factories in the region in the wake of US President Donald Trump's tariffs on Chinese imports.

Companies including SK Hynix of South Korea and Mitsubishi Electric, Toshiba Machine Co and Komatsu of Japan began plotting production moves since July, when the first tariffs hit, and the shifts are now under way, company representatives and others with knowledge of the plans told Reuters. Others, such as Taiwanese computer-maker Compal Electronics and South Korea's LG Electronics, are making contingency plans in case the trade war continues or deepens.

The company representatives and other sources spoke on condition of anonymity because of the sensitivity of the issue. The quick reactions to the US tariffs are possible because many large manufacturers have facilities in multiple countries and can move at least small amounts of production without building new factories. Some governments, notably in Taiwan and Thailand, are actively encouraging companies to move work from China.



BANGKOK: A worker monitors a spinning machine at a textile factory in Pathum Thani, in Thailand yesterday. — AFP

The United States imposed 25 percent duties covering \$50 billion of Chinese-made goods in July, and a second round of 10 percent tariffs covering another \$200 billion of Chinese exports will come into effect next week. The latter rate will jump to 25 percent at the end of the year, and Trump has threatened a third round of tariffs on \$267 billion of goods, which would bring all of China's exports to the United States into the tariff regime.

The tariffs threaten China's status as a low-cost production base that, along with the appeal of the fast-growing China market, drew many companies to build factories and supply chains in the country over the past several decades. At SK Hynix, which makes

computer memory chips, work is under way to move production of certain chip modules back to South Korea from China. Like its US rival Micron Technology, which is also moving some memory-chip work from China to other Asian locations, SK Hynix does some of its packaging and testing of chips in China, with the chips themselves mostly made elsewhere.

"There are a few DRAM module products made in China that are exported to the United States," said a source with direct knowledge of the situation, referring to widely used dynamic random-access memory chips. "SK Hynix is planning on bringing those DRAM module products to South Korea to avoid the tariff hit." — Reuters

Burgan Bank announces Yawmi draw winners

KUWAIT: Burgan Bank, the second largest in terms of assets, announced yesterday the names of the daily draw winners of its Yawmi account draw, each taking home a cash-prize of KD 5,000.

The lucky winners are:

1. Haydar Hasan Abdullah Almuhanna
2. Naser Abdulaziz Abdullah Alawadhi
3. Mohammad Alkhalaf
4. Ahmad Yousef Hasan Alhaddad

5. Abass Mahmoud Saeed

In addition to the daily draw, Burgan Bank also offers a Quarterly Draw with more chances to win higher rewards, offering the chance to one lucky customer to win KD 125,000 every three months. The Yawmi Account offers daily and quarterly draws, wherein the quarterly draw requires customers to maintain a minimum amount of KD 500 in their account for two months prior to the draw date. Additionally, every KD 10 in the account will entitle customers to one chance of winning. If the account balance is KD 500 and above, the account holder will be qualified for both the quarterly and daily draws.

Burgan Bank encourages everyone to open a Yawmi account and/or increase their deposit to maximize their chances of becoming a winner. The higher the level of the deposit, the higher the likelihood to win.

In Nigeria, Shell's onshore roots still run deep

BODO, Nigeria: Royal Dutch Shell wants to reweight its footprint in Nigeria to focus on oil and gas fields far offshore, away from the theft, spills, corruption and unrest that have plagued the West African country's onshore industry for decades. But for the company that pioneered Nigeria's oil industry in the 1950s, the Niger Delta remains as important-and problematic-as ever.

While Shell has cut onshore oil production and sold some onshore assets, it continues to invest in others. In fact, onshore production has risen in recent years as a share of Shell's output in Nigeria, an analysis of company data over the past decade shows. Much of the increase comes from less polluting gas, used mainly in power generation, which Shell thinks will be key to the transition to lower carbon energy. Gas made up 70 percent of onshore production in 2017, up from 47 percent in 2008.

The company still controls thousands of kilometers of pipelines connecting inland fields to coastal terminals through its subsidiary, Shell Petroleum Development Co of Nigeria (SPDC), however.

So while SPDC has cut oil production in the Delta by 70 percent since 2011, when it first started reporting data on spills, the incidence of spills and theft from pipelines has fallen at a much lower rate and has picked up again recently, the data shows. Shell's Nigeria Country Chair Osagie Okunbor hinted it was a

sensitive balancing act. "We are too big just to see ourselves as 'there is a problem and we have to run'. That is not what we are thinking of doing," he told reporters on a media trip to the country in July. "But at the same time we don't want to spread our footprint."

Two pipeline spills in 2008 in the small community of Bodo in Ogoniland are emblematic of the problems in the Delta, a vast maze of creeks and mangrove swamps criss-crossed by pipelines and blighted by poverty and oil-fueled violence.

On a speedboat trip to the site of a clean-up operation launched by Shell last year, a makeshift oil refinery stood idle on a charred landing. The ground was soaked with oil, the air heavy with petrol fumes and slicks glistened in the water nearby. There were few signs of birds or fish.

So far this year, 85 crude spills have been recorded, already higher than the previous two years. In 2016, militant attacks pushed the volume of spills to more than 30,000 barrels, a high since 2011.

Oil theft from SPDC rose to around 9,000 barrels per day (bpd) in 2017 - a loss of nearly \$180 million for the year - from 6,000 bpd the year before.

Despite all the problems and costs, however, Nigerian onshore operations generate billions of dollars annually. Shell does not break down profits by country, but a report on payments to governments that the company publishes annually showed it paid around \$1.1 billion in royalties, taxes and fees to the Nigerian government in 2017.

That means Shell earned more than \$4 billion from oil and gas production in Nigeria in 2017 - around 7 percent of its total global output.

A Shell spokesman declined to comment on the specifics of Reuters' data analysis. — Reuters