MUMBAI: This file photo taken on May 27, 2016 shows Tata Sons Chairman Cyrus Mistry posing for a photograph during the launch of the 'Cliq' online store in Mumbai. — AFP

Tata Steel removes Mistry as chairman

NEW DELHI: India's Tata Steel removed Cyrus Mistry as chairman of its board Friday, as uncertainty grows over the fate of its huge loss-making British assets.

The move comes after Mistry was unceremoniously sacked last month as chairman of Tata Sons, the holding company of India's most famous family conglomerate-the $103 billion steel-to-salt Tata Group. Tata Steel Limited (TSL) said in a statement to the Bombay Stock Exchange that O P Bhatt, an independent director on the board, would replace Mistry until the outcome of an extraordinary general meeting on December 21. The decision to remove Mistry was taken by "majority consent" at a meeting of the board of directors in Mumbai on Friday.

"The board of directors... has decided to replace Mr Cyrus Mistry as the chairman of the board with immediate effect," TSL said. Tata has been considering several bids for its British assets since putting them up for sale in March, citing a global oversupply of steel, cheap imports into Europe, high costs and currency volatility.

The British government has been racing to help find a buyer for Tata's business, which had accounted for about 16,000 jobs, many of them at the Port Talbot steelworks in Wales, the country's biggest steel plant. Analysts say patriarch Ratan Tata, who has taken interim charge of the family business, was saddened by the battering his company's reputation was taking in Britain over the uncertainty surrounding its steel assets. A change in leadership could mean that the company was now willing to commit to its steel business in Britain, they say. — AFP

City eyes key permit for oil terminal on Washington coast

SEATTLE: As the small city of Hoquiam considers a key permit for a proposed terminal that would move millions of barrels of crude oil through Grays Harbor, opponents are raising concerns about the potential for oil spills and impacts on tribal fishing rights.

Westway Terminal, recently renamed Contanda, wants to expand its existing methanol facility in Washington state to receive up to 17.8 million barrels of oil a year and store up to 1 million barrels of crude oil. The project would bring crude oil by train from the Bakken region of North Dakota and Montana or diluted bitumen from Alberta where it would be stored in tanks and then loaded onto tankers or barges for shipping to refineries in the Puget Sound area or California.

The Quinault Indian Nation and environmental groups say the environmental and safety risks are too great. They're urging Hoquiam to deny the project a shoreline development permit.

Houston-based Contanda says the project would bring jobs and economic benefits to the region and the facility would be built to the strictest local, state and federal safety and environmental protocols.

"We're confident that we can safely build and operate the facility in a way that protects our employees, our neighbors, and the environment, using the environmental impact statement as a guide," Contanda spokesman Paul Queary said in a statement. "We look forward to receiving permits from the city so we can start construction, put people to work, and provide the community with tax revenue and other economic benefits," he added. An environmental review completed by the state and Hoquiam in September proposed dozens of measures to offset or reduce impacts, but said there would be significant impacts to tribal resources and to health and safety if a crude oil spill, fire or explosion occurs that could not be avoided even with such measures in place.

Impacts

"The variety of impacts that are discussed and disclosed give the city of Hoquiam the evidence it needs to deny the permit," said Kristen Boyles, an attorney with Earthjustice representing the Quinault, whose reservation sits about 30 miles up the coast from the proposed site.

The tribe says moving millions of gallons of crude oil by train and tankers through the region put the tribe's safety, treaty-reserved fishing rights and way of life at risk. An environmental review found that increased vessel docking and traffic in the navigation channel would restrict access to tribal fishing areas, and that proposed measures such as giving advance notice of vessels would reduce but not eliminate that impact. Hoquiam City Administrator Brian Shay said the city has hired an independent consultant to review the project and write a draft decision. He says he typically accepts such decisions. The public comment period ended a week ago, and a decision isn't likely until January, he added.

"Whatever we do, we expect it to be appealed," Shay said. Hoquiam previously issued a permit for the oil terminal project in 2013. The Quinault and groups such as the Sierra Club and Surfrider Foundation challenged it, and a state hearings board reversed the permit. The city and Department of Ecology began an environmental review in 2014 that was released in September.

That analysis proposes tug escorts, setting up oil spill prevention and response plans and other measures to lessen environmental impacts, but says that "no mitigation measures would completely eliminate the possibility of a spill, fire, or explosion, nor would they completely eliminate the adverse consequences."

The US Fish and Wildlife Service recently told the city that it agrees with the Quinault Indian Nation that denying the permit "is the only defensible decision." It says the "proposal poses risks to our communities and to unique natural resources that cannot be fully mitigated, including U.S. Fish and Wildlife Service trust resources." At one time, three oil terminals were proposed for the Port of Grays Harbor. US Development notified the port last year that it would not renew a lease option for a proposed oilterminal. Renewable Energy Group, formerly Imperium, told state and local regulators late last year that it dropped plans to handle crude oil as it pursues an expansion project.

In the meantime, the Hoquiam City Council in 2015 approved a ban on any new crude oil storage facilities within city limits. The tribe argues that the project should be covered by that ban. — AP

BARCELONA: 'El Banc dels Aliments' (Food Bank Foundation) volunteers classify food to be distributed among the poor, at a warehouse in Barcelona during a national charity campaign to fight hunger, yesterday.—AFP

Upcoming votes could test eurozone's stability again

Slow growth, high debt baffle policymakers

FRANKFURT: The eurozone could be in for a rough few months. A rapid-fire series of elections in Italy, the Netherlands and France plus Britain's upcoming move toward leaving the EU could buffet the 19-country monetary union - just as it is struggling to finally leave behind its troubles with slow growth and high debt. Analysts say it will take more than one unexpected outcome to provoke a renewed eurozone crisis that goes beyond temporary market turbulence around the time of the votes.

But multiple surprises and falling dominoes cannot be ruled out. That's especially true after the unexpected votes in Britain for Brexit and for Donald Trump in the United States on Nov 8. "Since the 9th of November, times have changed," said Carsten Brzeski, chief German economist at ING-DiBa bank. "You can walk through all these political events one by one," he said. "I think each has the potential to derail the eurozone, to further disintegrate the eurozone, to maybe possibly even lead to a breakup of the eurozone - but only in the worst, worst-case scenario."

Here are the key dates:

* On Dec. 4, Italians vote on constitutional changes that would limit the power of the upper house and make it easier for governments to pass legislation. Prime Minister Matteo Renzi has said he will resign in case of a "no" result. New elections, if held, could bring to power the Five Star Movement, which has said it wants to hold a referendum on euro membership.

* On March 15 in the Netherlands, the anti-immigration, anti-EU Party for Freedom stands to do well in national elections and could influence the stance of any new government.

* By the end of March, British Prime Minister Theresa May is expected to formally start Britain's talks to leave the EU, which are due to last at least two years. Market and business confidence could take a hit if it looks like Britain could leave without some privileged access to the EU single market.

* On April 23 and May 7, France holds presidential elections. Far right National Front leader Marine Le Pen is expected to at least make the second round. She wants France to leave the EU. And unlike Britain, France is a member of the euro, and its exit from that would likely be even more disruptive.

Polls indicate Le Pen doesn't have much of a chance of winning. Problem is, that's what many people thought about Britain's EU vote and Trump's chances in the US election.

So Le Pen is making pro-EU politicians and economists more nervous than before. Should investors outside Europe be worried? It's hard to tell. Craig Mackenzie, senior investment strategist at Aberdeen Asset Management, says the lack of a plunge in stocks after the US and UK votes "is teaching the market that political shocks are not necessarily the start of the next bear market... The market is harder to shock."

While a less likely Le Pen victory would be "an immediate existential threat" to the EU, the Italian troubles require multiple steps to materialize and "won't be a short, sharp shock."

Right now, companies and investors are hardly pricing in a new crisis. Eurozone business activity is strengthening and German economic confidence is at a 31-month high. Overall, Europe is enjoying moderate growth, following a crisis over high debt in 2009-2012 that pushed Greece, Ireland, Portugal, Spain and Cyprus into needing bailout loans and raised the possibility the euro would break up.

Commerzbank chief economist Joerg Kraemer says the bigger risk is in Italy. He cautions that there would have to be several triggers over a period of months: first, a "no" in the referendum, then new elections, and then a win by the Five Star Movement. Kraemer and other analysts think a caretaker government is more likely, at least at first. But regular elections would be held in 2018 in any case. Kraemer argues that a Five Star government would likely spend more money and bust the eurozone's rules limiting deficits, adding more debt to Italy's already heavy burden of 135 percent of economic output.

More deficit spending and debt "will create a huge conflict with the fiscal rules and the European Commission," Kraemer said. "And in such an environment there is a significant risk that private bond investors will go on strike and refuse to buy Italian government bonds. That means there is a significant risk that we will see a return of the southern debt crisis if the Five Star movement continues to lead in the polls and there are early elections."

ECB program

Italy also faces potential disruptions in coming weeks from troubled bank Monte dei Paschi di Siena. The bank is trying to offload bad loans and raise new capital. If it fails, it could need a bailout from the government. But in that case new EU rules would trigger losses for some bond holders, including many small retail savers - political poison. The currency union has new safeguards against turmoil. Banking supervision was toughened and moved to the EU level, lessening the chance that bad banks will bring down government finances.

And the European Central Bank has been buying government bonds to raise inflation and growth. In countries like Italy, that has driven bond prices up and interest yields, which move opposite to bond prices, down. That's key because it was exorbitant bond market rates in 2011 that threatened Italy's financial solvency.

The ECB also has a special program dubbed outright monetary transactions, or OMT, under which it could buy a country's bonds to prevent it from facing ruinous borrowing costs. But the ECB's bond purchases will have to end at some point. Right now the earliest end is March, 2017, although that may be extended by three or six months at a Dec. 8 meeting.

And Kraemer warns that deploying the OMT could strengthen support for anti-euro parties in Germany and the Netherlands, where stimulus skeptics argue such assistance only undermines the will to reform shaky government finances.

Right now, it's all hypothetical.

"I still hope that by the end of this period, we have a couple of elected leaders who can get across more integration at the eurozone level," said Brzeski. "The negative scenario is, I'm wrong with at least one of these outcomes, we get a move toward more nationalist politics and policies in Europe, and we get a gradual further disintegration. " "And then it would be more than noise." —AP

BERLIN: German Chancellor Angela Merkel is reflected in a window as she speaks during a budget debate as part of a meeting of the German Federal Parliament, Bundestag, at the Reichstag building in Berlin. —AP

Lufthansa pilots strike for 4th day, 137 flights canceled

Flights to operate as scheduled today

BERLIN: Pilots at Lufthansa are staging a fourth consecutive day of strikes against the German airline yesterday, with chances of an immediate resolution to the pay dispute looking slim after their union rejected a new offer from the company.

The Cockpit union targeted Lufthansa's long-haul services, prompting 137 flight cancellations and affecting some 30,000 passengers. That was fewer than on previous days, when Cockpit members also hit short-haul flights. Cockpit said that there will be no walkout today and it will give at least 24 hours' notice of any further strikes next week. Lufthansa said it expects flights to operate largely as scheduled today. However, it cautioned that there will still be a few cancellations as a result of the previous days' disruption and urged passengers to check the status of their flights online.

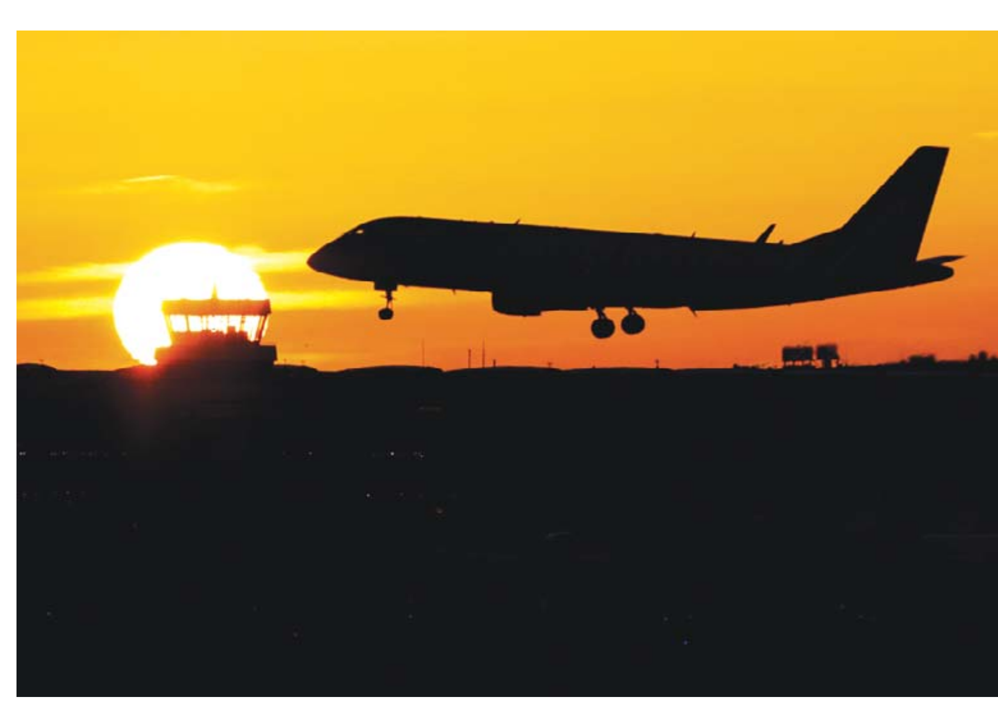
Cockpit is seeking retroactive raises of 3.66 percent a year going back 51/2 years. Lufthansa, which faces increasing competition from Gulf airlines and European budget carriers, says it can't satisfy that demand. On Friday, Lufthansa offered to increase pay by 4.4 percent by mid-2018, and make a one-time payment equal to 1.8 monthly salaries in lieu of past raises.

It also offered to hire about 1,000 new pilots in the coming five years and seek third-party mediation on other outstanding issues. Cockpit, however, argued that the proposal simply reiterated one made over two months ago.

This week's walkout-the 14th since early 2014 — has already grounded some 2,600 planes and affected more than 315,000 passengers. Lufthansa has said the disruption has started to hit medium-term bookings. Pilots had been threatening to extend the strike beyond yesterday, raising concerns among investors at the growing cost to the company and the wider impact on Europe's largest economy.

But the Vereinigung Cockpit pilots' union said late on Friday it now had no plans for further strikes beyond yesterday. It did not rule out further action in future however, but said that any strikes would be announced 24 hours in advance. The union dismissed the airline's latest offer as a "public relations move" and said it was not new.

Lufthansa said earlier it had offered to increase wages by 4.4 percent in two instalments, as well as a one-off payment equal to 1.8 months' pay. The airline also said it had offered to create 1,000 jobs for junior pilots and up to 600 pilot traineeships over the next five years. It said it could enter mediation talks with the union on Nov. 29.



DUESSELDORF: A plane lands during sunrise at the airport in Duesseldorf on Friday. Lufthansa pilots continued their strike yesterday.—AP

In return, pilots would have to agree to a change to their pension scheme in which Lufthansa would only guarantee paid-in contributions. Cabin crew and ground staff have already agreed to these changes. Bettina Volkens, head of human resources at the airline, said the changes would help the airline save money.

The union wants an average annual pay increase of 3.7 percent for 5,400 pilots in Germany over a five-year period backdated to 2012. Lufthansa says it has to cut costs to compete with leaner rivals such as Ryanair on short-haul routes and Emirates on long-haul flights, despite making a record profit in 2015.

Lufthansa pilots are well paid by industry standards. A pilot at Lufthansa earns on average 180,000 euros ($190,000) a year before tax, though a captain on the highest pay level can earn as much as 22,000 euros a month before tax. Lufthansa had said earlier it would be forced to cancel a further 137 flights on Saturday, including 88 intercontinental flights, affecting some 30,000 travellers. Some short- and medium-haul flights would also be affected, it said.

LONG-TERM DAMAGE?

Passengers at Frankfurt airport on Friday were losing patience. "It's not pleasant," said Lufthansa passenger Dieter Eidt who was booked on a flight to Rome and faced a lengthy delay.

"I believe that they are demanding something that can't be fulfilled and which is unjustified," Eidt said of the pilots. Lufthansa has put the cost of the stoppage at around 10 million euros ($11 million) a day. However, the airline could take a longer-term hit if the strike prompts customers to shun Lufthansa and switch to rival airlines.

Travel search firm Kayak said nine percent fewer visitors to its site on Wednesday and Thursday had opted for a Lufthansa flight compared to the previous week. "Many people are looking for alternatives," said Julia Stadler-Damisch, regional director at Kayak. But she said she did not expect the airline's reputation to suffer in the long run.

Investors were not so sanguine. Shares in Lufthansa, down more than 13 percent this year, slipped lower on Friday as investors fretted over the prospect of stoppages dragging on. "The name Lufthansa stands for safety, punctuality, reliability," said Michael Gierse, a fund manager at Lufthansa shareholder Union Investment. "One has to wonder how much of the last two values still remain after the strike." — Agencies