

Business

Public sector, rail workers strike in test for Macron

Primary schools closed, power generation down in France

PARIS: Teachers, train conductors and airline controllers walked off the job across France yesterday, disrupting transport and public services in a test of public anger with President Emmanuel Macron's reform drive. While unions have struggled to rally crowds over the past months, this is the first protest against Macron bringing together public sector workers and railway staff, potentially spelling trouble for the government ahead of a rolling rail strike.

"It's a real mess this morning," Didier Samba, who missed his morning commuter train to the suburbs and had more than one hour's wait for the next, said at Paris' Gare du Nord station.

The strike was expected to lead to the cancellation of 60 percent of fast trains, 75 percent of inter-city trains and about 30 percent of Paris airports' flights throughout the day. Unions said one in four primary schools were on strike, while electricity generation dropped by over three gigawatts (GW), the equivalent of three nuclear reactors, as gas and electricity sector workers joined the strike.

Some 150 protest marches are scheduled, including two rallies starting at around 1300 GMT in Paris. Opinion polls show a paradox: a majority of voters back the strike but an even big-

ger majority back the reforms, including cutting the number of public sector workers and introducing merit-based pay. That has led the government, which overhauled labor laws last year and is also crafting a series of other sensitive reforms including of unemployment insurance, to say it will stand by its plans, while keeping a close eye on protests.

On Tuesday, following a retirees' march, Prime Minister Edouard Philippe said the government would change tack for the poorest 100,000 out of 7 million pensioners concerned by a tax hike, in a sign that a government that prides itself on being firm on reforms can make exceptions.

"What we need to avoid is that all the grievances fuse together, as was the case in 1995," a government official said, referring to France's biggest strike in decades, which forced the government of the time to withdraw reforms after striking public and private sector workers received huge popular support.

"The situation is very different from 1995. At the time there was a big discrepancy with what the government had promised during the elections and what they eventually did."

Public sector workers are angry with plans to cut public sector headcount by 120,000 by

said. Firms were also less upbeat about the coming months.

"The protectionism debate is leaving its mark," Ifo economist Klaus Wohlrabe told Reuters, adding that export expectations fell to their lowest levels in more than a year.

Unicredit economist Andreas Rees said US trade policies had increased uncertainty. "But there'll be robust growth in the months ahead - even if the German economy probably has surpassed its peak," Rees said. A sector breakdown of the Ifo figures showed the main drag came from retailing and manufacturing. Business sentiment improved in construction.

The Ifo data chimed with HIS Markit's latest survey among purchasing managers, which showed growth in Germany's private sector lost a little steam in March as factory output slowed.

HIS Markit economist Chris Williamson said that the outlook for exporters had been clouded by US President Donald Trump's decision to impose import tariffs on steel and aluminum, as well as the recent appreciation of the euro. However, the overall high readings of the PMI survey also suggested that Germany's upswing is likely to continue.

"We'll probably see a strong first quarter with a growth rate of around 0.7 percent," Williamson said. This compares with a growth rate of 0.6 percent on the quarter in the last three months of 2017. —Reuters



Workers angry at plans to cut headcount



PARIS: Workers hold a banner during a demonstration yesterday in Paris as part of a nationwide day of protest against French president multi-front reform drive. —AFP

2022, including with voluntary redundancies, and introduce other reforms including merit-based pay.

Railway workers are worried by government plans to scrap job-for-life guarantees, automatic annual pay rises and generous early retirement.

"Discontent and worry are spreading very quickly," said Jean-Marc Canon of UGFF-CGT, one of the largest public sector's unions.

While rail workers have planned a three-month rolling strike starting April 3, public sec-

tor workers have no plan yet for further labor action but they will meet next week to decide on any possible move.

Yesterday's strike, and the government's reaction, will be a test, said Laurent Berger, the head of France's largest union, CFDT. "Either they (the government) listen to us and it will have been just a warning shot, or they don't listen to us and then, let me tell you that public sector workers are very mobilised," he told RTL radio. —Reuters

Threat of protectionism pushes down German business morale

BERLIN: German business confidence deteriorated for a second straight month in March, dropping to its lowest level in nearly a year, as managers in Europe's largest economy became more concerned about the rising threat of protectionism.

The Munich-based Ifo economic institute said yesterday that its business climate index, based on a monthly survey of some 7,000 companies, fell to 114.7 from 115.4 in February.

The reading, an 11-month low, undershot the expectations of analysts polled by Reuters, whose consensus forecast was 114.8. "The threat of protectionism is dampening the mood in the German economy," Ifo chief Clemens Fuest said.

German managers were less satisfied with their current business situation, which nevertheless remained at a high level, Ifo

UK retail sales jump in Feb as inflation slows

LONDON: British retail sales jumped in February, further adding to the case for the Bank of England to raise interest rates in May even if March's heavy snowfall is likely to take a chunk out of growth in the first quarter of 2018. British consumers have been squeezed for the past year by a big rise in inflation. But February's data suggested a turning point was near as the cost of goods in stores rose at the slowest pace in over a year.

Retail sales volumes rose 0.8 percent from January, the Office for National Statistics said on Thursday, above the consensus forecast in a Reuters poll of economists for a monthly rise of 0.4 percent. Sales in January dropped 0.2 percent.

"Not a sparkling result for Britain's retailers in February, but a marked improvement from the start of the year," said Ian Gilmartin, a banker at Barclays who focuses on the retail sector.

Sterling rose slightly against the US dollar immediately after the figures to touch a fresh seven-week high. Still, looking at the three months to February, which smoothes out monthly volatility in the data, sales fell 0.4 percent - the weakest growth in nearly a year - after a big drop in sales in December.

There is a risk of a further downturn in March, when snow storms brought widespread disruption across Britain. Britain's economy underperformed its rivals last year as higher inflation - caused by the fall in the pound since the Brexit vote in June 2016 - hurt consumers' spending power.

The Bank of England, which is due to announce its March policy decision at 1200 GMT, expects the consumer squeeze to ease in 2018 as inflation cools and wage growth ticks higher.

Capital Economics said yesterday figures suggested retail was likely to drag on economic growth over the first three months of 2018 but other measures of spending were turning a corner.

The data showed retail prices rose in February by 2.5 percent year-on-year, the smallest increase since January 2017. Most economists polled by Reuters think the BoE will raise interest rates in May for only the second time since the financial crisis, spurred partly by a recovery in pay growth. —Reuters