

Business

China's Huawei to sell majority stake in undersea-cable unit

SHANGHAI: Huawei will sell its majority share in a submarine cable unit, the stake's buyer announced yesterday, amid a US-led drive to isolate the Chinese telecom giant from global information networks over spying fears.

US President Donald Trump has attacked Huawei in recent months, urging allies to boycott its products and blacklisting the Chinese firm from buying some US software.

Undersea cables are vital to global internet traffic. The 51 percent stake in Huawei Marine Networks will be bought by Hengtong Optic-Electric, an optical-cable manufacturer based in eastern China's Jiangsu province, according to a filing with the Shanghai Stock Exchange. Huawei Marine Networks is a joint venture between Huawei and UK-based undersea cable firm Global Marine Systems.

Huawei Marine claims on its website to be involved in around 90 projects, from the Pacific to the Atlantic, totalling more than 50,000 kilometers (30,000 miles) of undersea cables.

Washington suspects that Huawei, which was founded by former People's Liberation Army (PLA) engineer Ren Zhengfei, has ties to China's military and thus poses

a security threat. The Trump administration warns that Huawei networks carrying data around the globe could be accessed and manipulated by Beijing using security backdoors built into the company's equipment.

Huawei has repeatedly denied any connection to China's government or that it poses any security threat. Reached by AFP, a Huawei spokesperson said the company had no immediate comment on the status of Huawei Marine.

Hengtong Optic-Electric's stock exchange filing said the company was purchasing the stake from Huawei Technologies Co, Huawei's corporate parent. Founded by Ren in 1987, Huawei has risen to become the world leader in telecom networking equipment and one of the top smartphone manufacturers alongside Samsung and Apple. But the US Commerce Department last month placed Huawei and dozens of affiliates on an "entity list" on grounds of national security, a move that curbs its access to US-made components it needs, though a 90-day reprieve was later issued.

A number of countries have also blocked Huawei from working on their mobile networks and companies have stepped away from the firm following the US ban, citing legal requirements. —AFP



SHENZHEN: People walk past Huawei advertising at Shenzhen-Bao'an International airport in Shenzhen, China's Guangdong province. —AFP

China to create company blacklist as trade war with US escalates

BEIJING: China said it would release a blacklist of "unreliable" foreign companies and individuals, hitting back after the United States targeted telecom giant Huawei in their escalating trade war.

The announcement was made a day before Beijing is due to increase tariffs on \$60 billion in US goods, capping a week marked by rising Chinese threats of retaliation after President Donald Trump blacklisted Huawei. The US Commerce Department placed Huawei on an "entity list" on grounds of national security on May 16, a move that curbs its access to US-made components it needs for its equipment. A 90-day reprieve was later issued.

China's commerce ministry announced on Friday that it will release its own list of "unreliable entities".

Ministry spokesman Gao Feng said the list will include "foreign enterprises, organizations or individuals that do not comply with market rules, deviate from a contract's spirit or impose blockades or stop supplies to Chinese enterprises for non-commercial purposes, and seriously damage the legitimate rights and interests of Chinese enterprises". The detailed measures against firms on the list will be released shortly, Gao said.

The Chinese move appears aimed at pressuring foreign companies to maintain commercial relations with Huawei-Washington is reportedly also considering adding Chinese surveillance firms to its list for alleged human rights violations.

Google, whose Android operating system is vital to Huawei phones, is among the companies that have announced that they will abide by the US order. Another critical partner, ARM Holdings—a British designer of semiconductors owned by Japanese group Softbank—said it was complying with the US restrictions.

"Some foreign entities have violated normal market rules and the spirit of their contracts" to cut off supplies and "take other discriminatory actions against Chinese companies damaging their legitimate rights and interests, and endangering China's national security and national interests," Gao said, according to state-owned Global Times.

Rajiv Biswas, APAC chief economist at IHS Markit, said China's decision to create a blacklist was "a tit-for-tat countermeasure to signal that China can target US firms".

He said the sanctions could be similar to the

US entity list, which restricts the sale of technology by US firms to companies on the list. Huawei has been thrust to the centre of the trade spat, with Trump suggesting last week that the company could be included in a deal.

The United States claims the company has deep links to China's Communist-led government and warns that its equipment could serve as a Trojan horse for Chinese intelligence services.

Huawei—the world's second smartphone maker and a leader in developing next-generation 5G networks—vehemently denies the charges.

Trump 'lies'

China's entity list will help safeguard a rule-based global supply chain, said Zhang Yansheng, chief researcher at the China Center for International Economic Exchanges think tank.

"In the past, commercial deals were based on contracts, but now those can be changed over so-called security issues," he said. Firms that substantially harm a company or supply chain may face punishments or sanctions, Zhang said.

China's announcement follows a growing war of words. Washington and Beijing resumed their tariffs battle earlier this month after trade talks in Washington ended without a deal, with the US side accusing Chinese negotiators of reneging on previous commitments.

The countries have exchanged tariffs on \$360 billion in two-way trade so far.

Trump said the US tariffs have had a "devastating effect" on the Chinese economy. "The US side has said such lies not just once or twice. Every time China exposes them in time, but the US seems to be very persistent, even obsessed, and keeps repeating these lies," said Chinese foreign ministry spokesman Geng Shuang.

Tariffs on condoms

Trump more than doubled punitive tariffs on \$200 billion in Chinese goods to 25 percent this month, and launched the process to hit nearly all remaining imports from the Asian country. China responded by announcing that it would increase tariffs on \$60 billion in American products on June 1.

The US tariffs appear to have already had an impact on Chinese manufacturing activity, which contracted more than expected this month. Experts note that US consumers and importers bear the brunt of tariffs on products coming into the United States. Now China is hitting back Saturday with tariffs ranging from five percent to 25 percent on 5,410 products.

Those facing the 25 percent hike include beauty products, sports equipment, musical instruments, wine, condoms, diamonds, wood, fabric and toys. Chinese state media suggested this week that Beijing could also hit back by stopping exports of rare earths to the United States, cutting off key materials used to make everything from smartphones to televisions and military equipment. —AFP

What is the Italian clash with EU over fiscal policy about?

BRUSSELS: The European Commission is likely to begin disciplinary procedures against Italy tomorrow over the country's failure to reduce public debt as required by EU law.

WHY IS THE COMMISSION TURNING ON ITALY?

DEBT

European Union rules say that governments must reduce public debt every year, calculated on average over three years, by 1/20 of the difference between its current level and the EU ceiling of 60 percent of gross domestic product. Italy's debt has been rising: it went up to 132.2 percent of GDP in 2018 from 131.4 percent in 2017 and will rise to 133.7 percent this year and to 135.2 percent in 2020, according to Commission forecasts.

STRUCTURAL DEFICIT

EU rules also say that governments must cut the structur-

al deficit, a measure excluding one-off revenue and spending and the effects of the business cycle, every year until it is near balance or surplus. The structural deficit is an artificial indicator, calculated on the basis of a complex formula and notorious for being revised. But it is key for EU disciplinary action. EU finance ministers have asked Italy to cut its structural deficit by 0.6 percent of GDP a year until it's in balance or surplus. Instead, the gap has been rising every year since 2015 and is forecast to go up to 2.4 percent of GDP this year and 3.6 percent in 2020 unless policies change.

WHY NOW?

After an unprecedented clash with Rome over the 2019 budget, the Commission decided not to start disciplinary steps against Italy last December, on the condition that Italian debt would ease this year and the structural deficit would stay unchanged at 2018 levels. But data showed that debt and the structural deficit rose again in 2018. Commission forecasts show both will rise again this year and next. And senior Italian government officials have said taxes would be cut next year.

WHY BOTHER?

Italy is the euro zone's third-biggest economy and has the second-highest debt as share of GDP in Europe after Greece. Rome's plans for more borrowing and spending that failed to translate into faster economic growth worry investors, and costs for borrowing for Italy have risen.—Reuters

Striking French workers block world's biggest Nutella plant

ROUEN: A plant in northern France that makes a quarter of the world's Nutella has been blockaded for a week by workers striking for more pay, unions said yesterday, in troubling news for consumers of the cocoa and hazelnut spread.

The stoppage has hit the Villers-Ecalles factory of privately-owned Italian confectionery giant Ferrero, which normally churns out 600,000 jars per day, making it the biggest Nutella producer in the world.

Some 160 employees have been on strike since Monday last week, said Fabrice Canchel of the Force Ouvriere (FO) union. "No lorry has gone in or out of the site since then," he said.

Kinder Bueno production had also ceased for almost a week, Canchel said, while of the four Nutella production lines, just one was working and that only at 20 percent capacity.

"The raw materials are starting to run short," he said. Workers want a 4.5 percent pay rise as well as a 900 euro (\$1,000) bonus. Management has offered only a 0.4 percent rise. Ferrero, a family firm known for secrecy and which also produces Ferrero Rocher and Kinder Surprise, declined to comment.



RENNES: A file photo in Saint-Gregoire, near Rennes, northwest France, shows pots of the chocolate spread Nutella. A plant in northern France that makes a quarter of the world's Nutella has been blockaded for a week by workers striking for more pay, unions said yesterday.—AFP

But in an internal message seen by AFP, management said the "blocking of access to the site is totally illegal" and threatened to implement a judicial order to ensure access.

"This is an unacceptable violation of the right to strike," said Canchel.

Nutella production has faced challenges in recent years, partly due to poor hazelnut crops in Turkey, the world's biggest exporter of the nut. The Villers-Ecalles site closed for five days in February due to a quality defect, while a French minister in 2015 told people not to eat the spread as it contributed to deforestation and climate change.—AFP

EXCHANGE RATES

Al-Muzaini Exchange Co.		Yemen Riyal/for 1000		Turkish Lira		Hong Kong Dollar	
EUROPEAN & AMERICAN COUNTRIES		1.225	50.585	0.036777	0.039527		
US Dollar Transfer	304.750	105.160	220.210	0.003724	0.004496		
Euro	343.830	430.780		0.000017	0.000023		
Sterling Pound	388.660	0.203		0.002725	0.002905		
Canadian dollar	227.830	0.000		0.000247	0.000262		
Turkish lira	53.500	0.000		0.069241	0.075241		
Swiss Franc	307.720	32.202		0.002680	0.003020		
US Dollar Buying	296.550			0.001456	0.002226		
ASIAN COUNTRIES				0.005712	0.006012		
Japanese Yen	2.812			0.216611	0.226611		
Indian Rupees	4.378			0.001376	0.001956		
Pakistani Rupees	2.099			0.009557	0.009737		
Sri Lankan Rupees	1.725			0.009311	0.009861		
Nepali Rupees	2.729			0.00013	0.00013		
Singapore Dollar	223.490						
Hongkong Dollar	38.852						
Bangladesh Taka	3.595						
Philippine Peso	5.852						
Thai Baht	9.660						
Malaysian ringgit	77.941						
GCC COUNTRIES							
Saudi Riyal	81.374						
Qatari Riyal	83.812						
Omani Riyal	792.593						
Bahraini Dinar	810.280						
UAE Dirham	83.081						
ARAB COUNTRIES							
Egyptian Pound - Cash	20.950						
Egyptian Pound - Transfer	18.276						
Dollarco Exchange Co. Ltd							
Rate for Transfer		Selling Rate		BAHRAIN EXCHANGE COMPANY WLL			
US Dollar	304.290			CURRENCY	BUY	SELL	
Canadian Dollar	227.140			British Pound	0.377571	0.391471	
Sterling Pound	388.330			Czech Korune	0.005133	0.014433	
Euro	342.520			Danish Krone	0.041464	0.046464	
Swiss Frank	306.445			Euro	0.332543	0.346243	
Bahrain Dinar	809.220			Georgian Lari	0.108709	0.108709	
UAE Dirhams	83.250			Hungarian 0.000954	0.001144	0.035932	
Qatari Riyals	84.490			Norwegian Krone	0.030732	0.004636	
Saudi Riyals	82.040			Romanian Leu	0.054646	0.071496	
Jordanian Dinar	430.470			Russian ruble	0.004636	0.004636	
Egyptian Pound	18.055			Slovakia	0.009111	0.019111	
Sri Lankan Rupees	1.724			Swedish Krona	0.028036	0.033036	
Indian Rupees	4.383			Swiss Franc	0.298376	0.309376	
Pakistani Rupees	2.016						
Bangladesh Taka	3.604			Australasia			
Philippines Peso	5.807			Australian Dollar	0.203124	0.215124	
Cyprus pound	18.105			New Zealand Dollar	0.192890	0.202390	
Japanese Yen	3.780			America			
Syrian Pound	1.590			Canadian Dollar	0.220081	0.229081	
Nepalese Rupees	2.741			US Dollars	0.300550	0.305850	
Malaysian Ringgit	73.530			US Dollars Mint	0.301050	0.305850	
Chinese Yuan Renminbi	44.545						
Thai Bhat	10.545			Asia			
				Bangladesh Taka	0.003010	0.003811	
				Chinese Yuan	0.042615	0.046115	