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Nord Stream 2 pipeline could bypass Denmark: Gazprom

Russia ready to extend Ukraine gas deal for short term if needed

MOSCOW: Russian energy giant Gazprom said yesterday its controversial Nord Stream 2 gas pipeline set to supply Europe could bypass Danish waters if Copenhagen continues to withhold permission. The almost-completed project's final major hurdle is obtaining an agreement from Denmark that the Baltic Sea pipeline can cross its exclusive economic zone, which is outside its territorial waters.

"If they don't approve it... we will go around Denmark's economic zone," Gazprom chairman Viktor Zubkov said at a Moscow energy forum, quoted by TASS news agency. If Denmark withholds permission, the project "will be more costly and will take longer," he said, criticizing Copenhagen's stance since the pipeline will provide "gas for Europe." The building of the pipeline has sparked concerns about Western Europe's increasing dependence on Russian gas.

It has also raised fears that Moscow will be able to increase pressure on Ukraine as Europe will be less reliant on the country for transiting supplies. Its proponents-led by Germany, the EU's biggest economy-say the pipeline will provide reliable supplies at an acceptable price. Gazprom had said in a statement on Tuesday that the pipeline is 83 percent complete, with more than 2,000 kilometres (1,240 miles) laid. "We have practically reached... Denmark's economic zone," Zubkov said, adding that if Copenhagen gives the green light, the project could be completed in "four to five weeks."

Russian Energy Minister Alexander Novak at the same forum said he was still counting on Denmark granting approval. "We don't see any basis not to give such a permit," he said.

Half of the 9.5-billion-euro ($10.6-billion) project is financed by Gazprom, with the rest covered by its European partners: Germany's Wintershall and Uniper, Anglo-Dutch Shell, France's Engie and Austria's OMV. US President Donald Trump has threatened to hit Nord Stream 2 and those tied to it with sanctions, saying it makes Germany "a hostage to Russia."

President Vladimir Putin meanwhile said that Russia was ready to extend Moscow's current gas contract with Ukraine for a short time if needed and that Russia would also be ready to work with Ukraine on European Union gas rules. Speaking at an energy conference in Moscow, Putin said Denmark was under pressure not to approve Russia's Nord Stream 2 pipeline project to Germany, but that other routes could be used for the pipeline if needed. — Reuters

MOSCOW: Russian President Vladimir Putin (first) delivers a speech during a session of the 2019 Russian Energy Week forum in Moscow yesterday. — AFP

UK retail king Tesco says CEO to check out in 2020

LONDON: Britain's biggest retailer Tesco said yesterday that CEO Dave Lewis will step down next year, after declaring his mission "complete" to turn around the group's fortunes. Lewis, who has axed thousands of jobs in a radical overhaul of the supermarket chain since arriving five years ago, is leaving for personal reasons and will be replaced by Walgreens Boots Alliance executive Ken Murphy, Tesco said in a statement. Former Unilever director Lewis was parachuted into Tesco in July 2014 to help turn around the group, which at the time was mired in an accounting scandal and fierce competition in home market Britain.

"My decision to step down as group CEO is a personal one," he said in a statement alongside the publication of the group's first-half earnings. "I believe that the tenure of the CEO should be a finite one and that now is the right time to pass the baton. "Our turnaround is complete, we have delivered all the metrics we set for ourselves. The leadership team is very strong, our strategy is clear and it is delivering."

In this file photo taken on September 30, 2019 people walk past Tesco Express in central London. — AFP

'Bombshell' news

News of his shock exit shocked investors, but shares nevertheless rose two percent to 244.30 pence on the London Stock Exchange, which was generally lower. "Tesco has dropped a bombshell on investors by announcing the departure of boss Dave Lewis," said Markets.com analyst Neil Wilson.

"Job done, I'm off-can't say fairer than that. Profits are back up. Dominant position in UK grocery market re-established." Under his tenure, Lewis spearheaded the purchase of British wholesaler Booker last year, which transformed Tesco into the nation's top food business. He clinched a purchasing alliance with French peer Carrefour to increase both companies' leverage with suppliers in the competitive supermarket sector. And he launched a new discount food store chain in Britain, named "Jack's", as it faces fierce pressure from German-owned discounters Aldi and Lidl. Tesco has also weathered poor consumer sentiment in its Brexit-facing home market, and intense competition also from US online titan Amazon.

"Strategically, it is becoming increasingly apparent that the Booker acquisition was a masterstroke, while the tie-up with Carrefour and the launch of Jack's provide tantalising opportunities," said Interactive Investor analyst Richard Hunter.

"The legacy he (Lewis) leaves is one of a company whose turnaround has been impressive to watch," he added. More than 10,000 jobs have been axed in a massive cost-cutting drive, since Lewis took charge with the brief to save £1.5 billion.

'Outstanding job'

"Dave has done an outstanding job in rebuilding Tesco since 2014 and he continues to have unwavering support from the board," said Chairman John Allan. Turning to the new CEO, he said: "Ken has values which align with our own, strong strategic and operating acumen, and is proven at the very top of a large and respected multinational retail group.

"I firmly believe we have the right person for the job." Lewis will depart in the summer, while Murphy's start date will be given at a later date due to contractual commitments.

Murphy is currently executive vice president, chief commercial officer and president of global brands at Walgreens Boots Alliance. Turning to its earnings performance, Tesco said that its first-half net profits slid four percent to £324 million ($398 million, 364 million euros) from a year earlier.

However, it had rebounded into annual net profit last year on strong sales and restructuring following a net loss of £40 million in 2016/2017 — when it was hurt by costs arising from the accounting scandal.

Prior to the arrival of Lewis, Tesco was already undergoing a major rehaul. It shuttered its failed US division Fresh & Easy in 2013 and exited Japan in 2011. Tesco is the world's third-biggest supermarket chain after France's Carrefour and global leader Wal-Mart of the United States, and also has global operations dotted elsewhere including China, India, Ireland, Malaysia, Slovakia and Thailand.

Last year's £3.7-billion purchase of Booker handed Tesco Britain's largest cash-and-carry operator which sells goods to more than 503,000 customers-including grocers, pubs and restaurants. — AFP

Tesco CEO Dave Lewis

Norway sovereign fund scales back plans to dump oil investments

OSLO: Norway's sovereign wealth fund, the world's biggest thanks to petrodollars, is scaling back plans to dump stakes in oil and gas companies, the government has revealed. Originally, the fund-which manages more than $1 trillion in assets-had envisaged pulling out of 134 companies involved in oil and gas exploration and production.

Norway is the biggest oil and gas producer in western Europe and the plans were seen as a major blow to the fossil fuels industry and welcomed by the environmental lobby. But Oslo has now opted for a much more modest pull-out and would sell stakes in 95 companies involved in the so-called upstream activities of exploration and production.

Downstream activities, such as refining and marketing, and "integrated companies" involved in downstream and upstream activities, would remain unaffected, the finance ministry said in a statement late Tuesday. That means that majors such as ExxonMobil, Shell, Total and BP will be spared.

Acting on a recommendation of the Bank of Norway, which manages the fund, the ministry said it had reassessed the classification of companies involved in upstream activities. As of mid-September, a total of 95 companies were categorized as such, equivalent to about 0.8 percent of the fund's holding in equities, corresponding to about 54 billion Norwegian kroner (5.4 billion euros, $5.9 billion).

"The phase out will be made gradually over time," the ministry added. Sovereign funds are state-owned investors in various kinds of assets that aim to generate revenue for government programs and pensions. Oil and gas represent almost half of Norway's exports and 20 percent of the state's revenues. The oil revenues are placed in the sovereign wealth fund-commonly referred to as the "oil fund" but formally known as the Government Pension Fund Global-which Oslo then taps to balance its budget. — AFP

WTO to back US tariffs on Europe in clash over Airbus subsidies

BRUSSELS/LONDON: The World Trade Organization was poised yesterday to open the door to hefty US tariffs on European goods over illegal subsidies for Airbus, pushing a 15-year-old row over support for plane giants to the center of fraught global trade relations.

The Geneva body said it would publish at 4 p.m. local time (1400 GMT) its decision on a U.S. request to impose up to $11.2 billion in tariffs on European Union goods, but people close to the case expect WTO arbiters to award about two-thirds of that.

The WTO has found that both Europe's Airbus and its US rival Boeing received billions of dollars of illegal subsidies in the world's largest corporate trade dispute, a legal marathon dating back to 2004.

The cases are expected to lead to tit-for-tat tariffs, beginning with the US measures, deepening transatlantic trade tensions and posing new problems for businesses and markets already roiled by a trade war between Washington and Beijing. A three-person WTO arbitration tribunal is expected to announce that the United States suffered harm equivalent to roughly $7.5 billion a year from discounted European government loans for the Airbus A350 and A380 passenger jets, according to the people close to the case. Such a decision that would allow Washington to target EU goods worth the same amount.

The focus of nervous global financial markets will then shift to Washington where the US Trade Representative is expected to move quickly to narrow down a preliminary list of goods in line for tariffs, a US source said. The agency's provisional list of products that are eligible to be targeted with tariffs up to 100 percent covers goods with an annual trade value of $25 billion and ranges from Airbus jets themselves to helicopters, wine, handbags and cheese.

Before any tariffs can be imposed, the WTO's Dispute Settlement Body must formally adopt the arbiters' report in a process expected to take between 10 days and 4 weeks.

Its next scheduled meeting is on Oct. 28, but Washington could request a special meeting 10 days after the arbiters' report is published, suggesting an earliest possible final nod on Oct. 12. The WTO's decision on EU retaliation rights related to Boeing subsidies is expected early in 2020. On Tuesday, the head of Irish budget airlines group Ryanair urged the United States and EU to pull back from the brink of a tariff war and said neither side's aviation industry would survive a long dispute.— Reuters

BERLIN: Jose Angel Gurria, Secretary General of the Organisation for Economic Co-operation and Development (OECD) (right), World Trade Organization (WTO) director-general Roberto Azevedo (left) and German Chancellor Angela Merkel (center) arrive for a press conference following talks at the Chancellery in Berlin on Tuesday.—AFP

Greek unions stage fresh strike against labor reforms

ATHENS: Greek workers staged a fresh 24-hour strike yesterday against government plans to deregulate the labor market, paralyzing road and rail transport, closing banks and shutting down news outlets. Buses and trams stayed in their depots, the Athens metro was shut down and ferries serving islands on both sides of Greece stayed in port. The action also hit rail services, including to Athens airport.

Banks were closed yesterday and Poesy, the journalists' union, said there would be no news bulletins over the 24-hour strike period. The strike caused long traffic jams in Athens as the GSEE, the largest union representing private-sector workers, organized a rally in the city center to protest the planned legislation. It denounced "the suppression of collective conventions" and what it said was an assault on the unions. This was the second strike in a week against the planned reforms of conservative Prime Minister Kyriakos Mitsotakis, which he argues will open the way to investment and encourage growth of more than two percent. A strike last week hit transport, hospitals, schools and the courts.

The unions say the proposed reforms will undermine collective agreements and make it harder to organize strikes. The proposed law would require a more-than 50 percent turn-out of the workforce in any strike vote for it to be valid. Union leaders have also denounced a law passed in August which they say makes it easier to sack people in the private sector. Adedy, the federation of public-sector unions, which organized last week's strike, called on its members to join yesterday's action. Mitsotakis came to power in July, replacing the left-wing government of Alexis Tsipras. — AFP