

Business

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Last-ditch effort to save Brexit trade deal

UK, EU embark on final two-day scramble to secure an agreement

BRUSSELS: British and EU negotiators embarked on probably their final two-day scramble to secure a post-Brexit trade deal yesterday, after failing for eight months to reach agreement. David Frost arrived in Brussels for more talks with EU counterpart Michel Barnier, ending a two-day pause after a fruitless week of late-night wrangling in London.

"We're working very hard to try to get a deal. We'll see what happens in the negotiations today," Frost told reporters as he arrived at the Gare de Midi train station in Brussels. A European official said the negotiators would meet later in the day at the EU's Berlaymont headquarters in Brussels and that talks could go on late. Meanwhile, UK Prime Minister Boris Johnson will reportedly lobby European leaders, after a call with EU chief Ursula von der Leyen on Saturday ended with the sides still facing "significant differences" on the key issues.

The pair's next call will be today evening and then the 27 EU leaders will gather in Brussels on Thursday for a two-day summit planned to tackle their own budget dispute, but which will now once again be clouded by Brexit worries. Johnson and von der Leyen issued a downbeat joint statement after their call, with divisions still wide over fishing rights, fair trade rules and an enforcement mechanism to govern any deal.

"Whilst recognizing the seriousness of these differences, we agreed that a further effort should be undertaken ... to assess whether they can be resolved," they said.

'Anything is possible'

Britain formally left the EU in January, nearly

four years after a referendum on membership that split the nation down the middle and two months after Johnson won an election touting what he claimed was an "oven ready" Brexit deal. The UK is bound to the EU's tariff-free single market until a post-Brexit transition period expires the end of the year—an immovable deadline by which time the two sides must try to agree on new terms of their future relationship.

"It's in a very difficult position, there's no point denying that," British Environment minister George Eustice told Sky News. "We're going continue to work on these negotiations, until there's no point in doing so any further," he said.

Without a deal, the bulk of cross-Channel trade will revert to World Trade Organization terms, a return to tariffs and quotas after almost five decades of close economic and political integration. Johnson has insisted Britain will "prosper mightily" whatever the outcome of the talks, but he will face severe political and economic fallout if he cannot seal a deal. "If there is no deal now, I see huge international implications... because we would be in an economic war with Europe that would cost us very dearly," former Labour prime minister Gordon Brown told Sky News.

European capitals have remained remarkably united behind Barnier through the fraught Brexit process, but some internal fractures have now begun to surface. On Friday, France threatened to veto any deal that falls short of their demands on ensuring fair trade and access to UK fishing waters, where they have demanded a durable agreement, whereas Britain wants frequent renegotiations.

"We know that 100 percent access to fishing



LONDON: An anti-Brexit protester stands with Union and EU flags outside a conference center in central London as talks continued on a trade deal between the EU and the UK. — AFP

waters in the UK maritime zone is finished," European Affairs minister Clement Beaune told le Journal du Dimanche.

"But we need lasting access. The British can't have total access to our EU single market and exclude fish," Barnier will brief envoys from the

bloc member states early today with several countries sharing Paris's concerns that the EU side could give too much ground, especially on fair trade rules. "Anything is possible," a European source with close knowledge of the talks said. — AFP

ECB to beef up stimulus as new virus wave bites

FRANKFURT: The European Central Bank is set to unleash more stimulus for the eurozone at its last meeting of the year on Thursday, as the region's battered economy grapples with a second coronavirus wave. ECB chief Christine Lagarde in October all but promised that extra support was on the way, when she said the Frankfurt institution would "recalibrate" its instruments in December.

The ECB will also unveil fresh economic forecasts likely to have been revised downwards after a spike in virus cases forced renewed shutdowns across Europe, although the prospect of mass vaccinations from next year could brighten the longer term outlook.

Analysts widely expect the ECB's governing council to add another 500 billion euros (\$600 billion) to its 1.35-trillion-euro pandemic emergency bond-buying program (PEPP), and extend it beyond the current deadline of June 2021. The purchases are aimed at keeping borrowing costs low to encourage spending and investment and bolster economic growth.

The ECB could also offer more ultra-cheap credit to banks for longer under a scheme known as TLTROs, whereby banks get loans at highly favorable interest rates in return for lending on to the wider economy. The central bank is all but certain to keep interest

rates at historic lows, but may increase its pre-pandemic asset purchases from the current 20 billion euros a month.

At Thursday's press conference, Lagarde is likely to reiterate pleas for governments to share the load through fiscal stimulus, as EU member states bicker over a 750-billion-euro recovery fund that has been blocked by Poland and Hungary. The ECB will be "under pressure to do more while the European budgetary policy response is lagging behind," said Pictet Wealth Management strategist Frederik Ducrozet.

Vaccine hopes

The ECB's last round of projections in September forecast 3.1 percent quarter-on-quarter growth in the fourth quarter of 2020. That number has become outdated after countries reintroduced virus restrictions that once again shuttered businesses and kept people at home across the 19-nation bloc, unravelling a recovery that had started over the summer.

On the bright side, successful vaccine trials have raised expectations that mass inoculations could start in Europe in early 2021, slightly behind Britain and the United States, paving the way for a reopening of the world's economies. "The more positive prospects on the back of recent vaccine news could lead to an upward revision of the ECB's growth projections" for the second half of 2021, said ING bank economist Carsten Brzeski.

But policymakers are acutely aware that any upsets in the Covid-19 vaccine rollout could again derail the economy. "The recovery may not be linear, but rather unsteady, stop-start and contingent on the pace of



Brussels: European Central Bank (ECB) President Christine Lagarde (down left), European Commission President Ursula von der Leyen (top center), European Council President Charles Michel (down center) and Eurogroup President Paschal Donohoe (down right) attend a virtual meeting by video in Brussels. — AFP

vaccine rollout," Lagarde has said. The uncertain outcome of EU-UK talks on post-Brexit trade after December 31 adds another risk to the outlook.

Lagarde can expect to be grilled on Thursday about the ECB's ongoing struggle to push inflation up to its target of just below two percent. Eurozone inflation remained at -0.3 percent in November, Eurostat data showed, the fourth consecutive month of falling prices. But even before the pandemic, inflation stayed stubbornly low, fuelling calls for a rethink at the ECB. — AFP

Germany's F&B sector in virus survival mode

BERLIN: From distilling alcohol for pharmacies to printing takeaway bags and delivering order-in cocktails, Germany's food and beverage sector has been forced to get creative to keep their companies going through coronavirus shutdowns.

Three businesses talk about their battle to survive:

Distilling for pharmacies

Bastian Heuser and his partners have been learning on the job since they stumbled into the alcohol business without any experience in the trade. But since March, the three Berliners have been forced to further improvise as their distillery was forced shut during the first wave of the coronavirus pandemic. "We had to react very quickly because we had invested a lot over the past three and a half years, and didn't have a big cash reserve," said Heuser, co-founder and marketing manager at the Stork Club.

As factories and shops were ordered closed in March to curb transmissions of COVID-19, the distillery lost all of its sales. But the pandemic offered an

opportunity: with demand soaring for hand sanitizers, pharmacies in the area contacted the Stork Club to distill its alcohol to help cover regional shortages. The company also sold some whiskey barrels to make ends meet, Heuser said.

They also moved their bar from a streetside shop into a courtyard—a timely investment, as the region benefited from a marked increase in domestic tourism after restrictions eased. Guided tours, tastings and even weddings kept the distillery busy all summer. Heuser said the Stork Club "had up to 50 percent more turnover than in the preceding year, which more or less undid the springtime losses". Although income has once again plunged since in-house dining was banned in the latest round of shutdowns that began in November, Heuser said the distillery can weather the storm.

"With the new vaccine ... I hope that by May, June a certain normalcy will return to our business," Heuser said.

'Rain checks', cocktails to go

Katja Hiendlmayer, co-owner of cocktail bar Buerkner Eck, admitted that she would have "thought about doing something else" if she had known in March that her business would have to stay shut for much of the year. "We could have acted. Right now we're only reacting," she said.

Along with her partner Olaf Matthey, a barman by profession, Hiendlmayer opened the bar in Berlin in October 2017. During Germany's spring shut-



BERLIN: As factories and shops were ordered closed in March to curb transmissions of COVID-19, the distillery lost all of its sales.

down Buerkner Eck made "at most 30 percent" of the turnover from the same period in 2019, she said.

"Many bars aren't doing anything," she said, explaining that a November government aid program that reimburses up to 75 percent of a bar's turnover from the previous year meant some preferred to just stay shut. Nevertheless, she said, "we'd rather work for little than do nothing," adding: "We want to keep our people employed."

To keep employees busy, they came up with the idea of printing takeout bags. "We invented work," said Hiendlmayer. That idea followed their first response to the spring restrictions:

"rain check" vouchers they designed and printed in the bar and sold online. Some clients chose not to redeem their vouchers, "seeing it as a small donation," Hiendlmayer said. Five days after the start of the curbs in March, Buerkner Eck's webshop was ready for delivery orders. The barmen cycle to neighborhoods in a five-kilometer (three-mile) radius of the bar to deliver their freshly bottled cocktails. As the restrictions lifted late spring, demand for delivery and takeaway waned and customers returned. But as temperatures dropped again, clients were pushed indoors, with only half of the seating area available due to distancing requirements. — AFP

Ivory Coast's bauxite mine reopens

ABIDJAN: The Ivory Coast's first bauxite mine has reopened after it was closed for months because of election-related violence, its chief executive said Saturday. The mine that opened last year in the east central Moronou region is a centerpiece of Ivory Coast's ambitions to wean itself off dependence on agricultural commodities.

Production stopped in August as violence increased in the buildup to the October 31 presidential election.

"Work has resumed, the expatriates have returned," Moumouni Bictogo, chief executive officer of its concessionary, Lagune Exploitation Bongouanou (LEB), said referring to workers from Europe, Asia and the United States. He said security has been reinforced, adding that the stoppage and problems over the novel coronavirus have caused the mine to lose the equivalent of 7.6 million euros in sales.

He said the difficulties have prompted a revision of plans to peak mine output in 2020, including exports to foreign refiners. "We are counting on reaching our cruising speed not before the first quarter of 2021 and produce more than two million tons of bauxite ore in the next two years," Bictogo said.

LEB also plans to transform 100,000 tons of bauxite ore from the third year, through a carbonization process, in order to extract a semi-finished product with added value. The 13,000-hectare (32,000-acre) site holds an estimated 245 million tons of bauxite ore, the raw material for aluminum. The mine, which employs 200 people, aims for 1,250 employees with its development project.

The electoral violence claimed the lives of at least 85 people and wounded nearly 500 others since August, according to an official toll. President Alassane Ouattara was re-elected to a controversial third term in the face of an opposition which boycotted the vote and called for civil disobedience. Abidjan, Ivory Coast's economic capital, is 200 kilometers (120 miles) away from the mine. Ivory Coast has abundant mineral treasures, including gold, diamonds, iron, nickel, copper and manganese, as well as bauxite. But mining accounts for only five percent of gross domestic product in an economy still dominated by cacao production. — AFP