Coronavirus drives overhaul of troubled British rail sector

Govt ends a franchise system that existed for nearly quarter of a century

LONDON: Britain's government on Monday handed further financial support to the country's privatized railway sector badly derailed by the coronavirus pandemic, while also ending a franchise system that existed for nearly a quarter of a century. While UK train services will continue to be run mainly by private companies, franchising will be replaced by Emergency Recovery Management Agreements (ERMA), the government said after the virus slashed passenger demand by 95 percent.

Virus slashes passenger demand by 95%

The Department for Transport said it would continue over the next 18 months to cover losses suffered by private rail operators, extending a system begun following the start of the virus outbreak.

"Ministers today ended rail franchising after 24 years as the first step in bringing Britain's fragmented network back together," the DfT said in a statement. "The new system will create a simpler, more effective structure and will take shape over the coming months."

It is the first major sector-wide overhaul since British Rail was privatized in the mid-1990s by the Conservative government. The franchising system has been long-criticized by passenger groups, who accuse private companies of charging excessive fares despite regularly-delayed train services and large state-subsidies. Rail operators have meanwhile been critical of high costs they must incur under franchising.

The new deal allows for "an early start on key reforms, including requiring operators to co-ordinate better with each other and driving down the railways' excessive capital costs", the DfT added Monday.

Matthew Gregory, chief executive of FirstGroup, which owns four franchises, called for "a more appropriate balance of risk and reward for all parties". Under privatization, the taxpayer has been forced to take over control of franchises that ran into financial trouble-and currently runs two such operators.

'No longer working'

Transport Secretary Grant Shapps on Monday said the changes "will keep the best elements of the private sector, including competition and investment, that have helped to drive growth, but deliver strategic direction, leadership and accountability".

Franchising "has seen significant rises in passenger numbers, but this pandemic has proven that it is no longer working", he added. With Covid-19 decimating passenger demand, as office staff continue to work from home, Prime Minister Boris Johnson's Conservative government has paid out about £3.5 billion ($4.5 billion, 3.8 billion euros) to support rail operators.

"Until passenger numbers return, significant taxpayer support will still be needed," the DfT said Monday. Keith Williams, a former British Airways boss commissioned by the government to review the sector, welcomed the new strategy that will see the state paying lower management fees to train operators.

"These new agreements represent the end of the complicated franchising system, demand more from the expertise and skills of the private sector, and ensure passengers return to a more punctual and co-ordinated railway," he said. Mick Cash, general secretary of the Rail, Maritime and Transport union, said the changes did not go far enough, a message echoed by the main opposition Labour party. "Public ownership is the only model that works and can steer us through a crisis such as Covid-19," Cash said.

LONDON: Trains are seen at Clapham Junction train station in south London. Britain unveiled on Monday a radical overhaul of its coronavirus-plagued privatized rail sector that will see franchises replaced with concessions subject to tougher scrutiny and greater state involvement. — AFP

New lines

The shake-up comes as Britain looks ahead to two major railway building projects this decade. Earlier this month, the country began construction of HS2, a high-speed railway connecting London with cities in the north of England. Johnson claims that the project-which is to cost more than £100 billion funded mostly by the state and take years to build-will play a part in helping the country get back on its feet following the pandemic. Prior to the virus outbreak, Johnson saw HS2 as a key infrastructure project aimed at helping drive Britain's post-Brexit economy. Meanwhile, London's new "Elizabeth" railway connecting the capital's centre with Heathrow airport, is facing additional costs and further delay on fallout from the pandemic, operator Crossrail said last month. — AFP

SAO PAULO: Women look at cosmetic products on display at the plant of Brazilian cosmetics company Natura, in Cajamar, some 43 km from Sao Paulo, Brazil. Bankers, businessmen, celebrities, environmentalists and even voices from agribusiness sector advocate a green conversion to take Brazil out of recession and increase pressure on the government of Jair Bolsonaro, at a time when fires ravage the country's forests and wetlands. — AFP

Bolsonaro faces pressure to green Brazil economy

SAO PAULO: As the destruction of the Amazon rainforest and Pantanal wetlands bruise Brazil's international image, bankers, business executives and even agribusiness firms are calling for a greener economy, adding to pressure on President Jair Bolsonaro. Bolsonaro, a far-right climate-change skeptic, has called environmental groups a "cancer" for attacking his policies, which include pushing for protected lands to be opened to mining and agriculture in the world's biggest rainforest.

But he has been forced to respond more cautiously as international investors, powerful voices in the business world, and agribusiness giants such as JBS and Cargill have joined in the criticism. In keeping with tradition, the Brazilian leader will give the first speech to the United Nations General Assembly Tuesday, delivered remotely due to the coronavirus pandemic.

Last year, Bolsonaro used the forum to condemn news on the fires ravaging the world's biggest rainforest as "media lies." This year's speech will again touch on the Amazon, though the goal will be "to show everything we're doing" to protect it, said Vice President Hamilton Mourao, the head of the government's task force on fighting Amazon deforestation.

With countries around the world trying to chart the future of their post-pandemic economies-not least Brazil, the country with the second-highest Covid-19 death toll after the United States-now is the perfect time for Latin America's biggest economy to go green, said Paulo Branco, head of the Development Frontiers Institute. "We have a great window of opportunity, and we have to take advantage of it to push for a sustainable reboot of the economy," he said.

"With our huge green potential, an 'agri-environmental' agenda is the way to a faster recovery," said Marcello Brito, of the Brazil Climate, Forests and Agriculture Coalition. His group, an unprecedented alliance of 230 environmental groups and Brazilian agribusiness companies, sent an open letter last week to Bolsonaro urging him to do more to fight deforestation in the Amazon.

In June, 29 global investment firms managing nearly $4 trillion in assets also sent an open letter to Bolsonaro, urging him to change policies blamed for accelerating the destruction of the rainforest.

Environmental destruction by Brazilian firms is also threatening a long-sought trade deal between the European Union and the Mercosur bloc, of which Brazil is a member. So far, the president has continued to publicly deny the impact of the record Amazon deforestation on his watch.

"Brazil is the country that does the most to preserve the environment," he said last week, even as record-shattering fires tore through the Pantanal, the world's biggest tropical wetlands, and deforestation in the Amazon for January to August came in just five percent shy of last year's all-time high. But there are signs he is starting to feel the pressure-including naming the Amazon task force headed by Vice President Mourao and deploying the army to the rainforest to fight wildfires.—AFP

TikTok deal aims to thread needle on US, China demands

WASHINGTON: A fragile deal to put the popular video app TikTok in American control appeared in jeopardy Monday amid disagreement on the ownership structure and Chinese involvement. The plan unveiled over the weekend would make Silicon Valley data giant Oracle the technology steward for the social platform and allow retail giant Walmart a stake as a commercial partner. But the deal was being portrayed in different terms in the two countries. Here are key points:

Ownership

According to US officials, the deal would establish a new entity called TikTok Global with Oracle managing data security through its cloud servers. Walmart and Oracle would control 20 percent of TikTok Global ahead of a share offering, and Americans would hold four of five board seats. US President Donald Trump said he would not approve a deal with any Chinese ownership or control. Oracle said that as TikTok shares are distributed, "Americans will be the majority and ByteDance will have no ownership in TikTok Global." But TikTok parent firm ByteDance-a Chinese firm with US investors-disputed what it called "false rumors" and said it would retain 80 percent of the new firm.

Data security

Trump, who has repeatedly charged that TikTok could threaten national security and be used for spying, said the data would be under American control. "Everything is going to be moved into a cloud done by Oracle... totally controlled by Oracle," he said. In ByteDance's view, the plan does not allow "the transfer of any algorithms and technologies" while enabling Oracle to review the source code of TikTok USA. James Lewis, head of technology policy for the Center for Strategic and International Studies, said the plan appears structured "where TikTok Global will license the algorithms as a service" without giving up the technology, under terms used frequently in cloud computing.—AFP

stc announces new internal policy allowing parents to work remotely

KUWAIT: Kuwait Telecommunications Company - stc, a world-class digital leader providing innovative services and platforms to customers, enabling the digital transformation in Kuwait, announced its new working from home policy which grants working parents the option to work remotely throughout the academic school year. The policy was put into effect to allow stc employees to supervise and support their children as they attend their classes online.

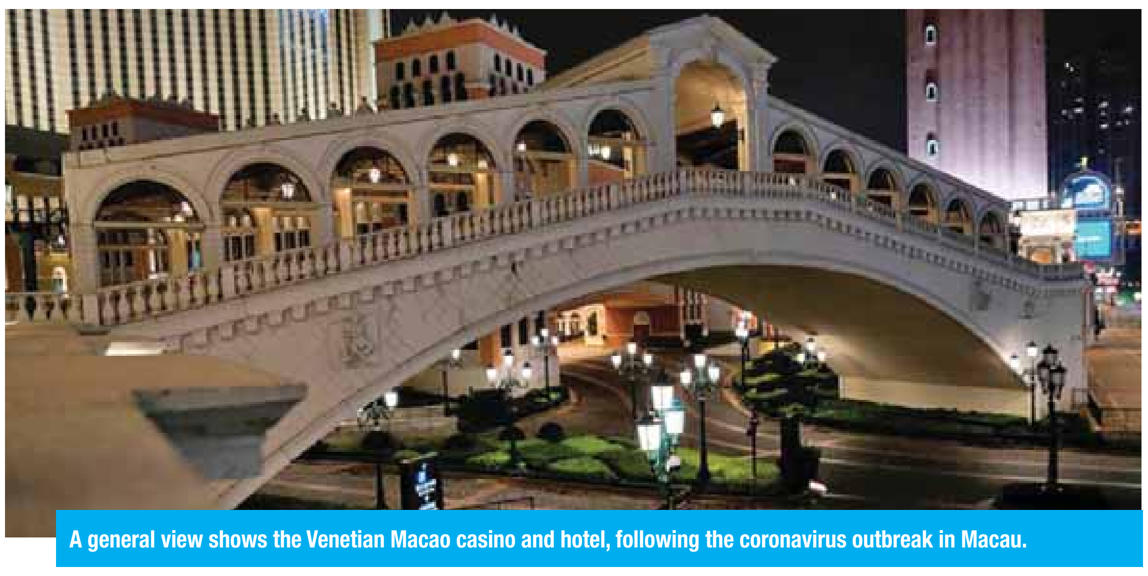
stc released a statement indicating that due to the circumstances created by the novel Coronavirus, additional safety measures have been enforced by the Kuwaiti Government to commence the school year through online learning. This decision has influenced the traditional education system within the country, presenting new challenges to working parents and their children. To support its employees throughout this period, stc implemented the new work from home policy to assist parents in easing the transition of new learning methods for their children. The policy will enable parents to ensure that their children successfully attend their online classes, complete their schoolwork, and manage any technical difficulties in accessing e-learning services.

Ahmed Hamad Al-Hammad

The work from home policy falls in line with the Company's ongoing commitment to support its employees and their families in times of uncertainty. Throughout the pandemic, stc applied a series of initiatives to protect its employees and mitigate working conditions to meet the safety measures and guidelines announced by the Ministry of Health.

Engineer Ahmed Hamad Al-Hammad, Chief Human Resources Officer at stc said, "stc highly values its employees, and it is only through their hard work and dedication can stc achieve its goal of offering advanced telecom and digital solutions, enabling digital transformation. The new work from home policy aims to assist our employees in taking care of their priorities at home, while continuing to deliver and maintain the superior level of service that stc provides."

He added, "With the start of the new school year, it would be difficult for working parents to work from the office while trying to manage their children's online curriculum. We are proud to be the first Company in the private sector to provide our employees with the option of working remotely to address this concern. As pioneers in our industry, we believe that adapting our corporate culture to economic conditions engenders employee loyalty and improves overall work efficiency to meet the diverse needs of our valued customers."



A general view shows the Venetian Macao casino and hotel, following the coronavirus outbreak in Macau.

Gambling hub Macau faces long odds of quick recovery

HONG KONG: Fears China is broadening a crackdown on offshore gambling has sparked a rush to withdraw billions of dollars from the world's biggest gambling hub Macau, threatening a recovery in the coronavirus-stricken economy, executives say. An unprecedented stampede to withdraw money from junkets - companies which lure high rollers to gamble - started in July after Beijing identified the cross-border flow of funds for gambling as a national security risk.

Worryingly, the customer withdrawals have spilled into the broader casino industry, leading to a cash crunch in Macau's VIP sector at a time the Chinese territory is struggling to recover from COVID-19 restrictions which has sent tourist numbers and gambling revenues plummeting.

"This is not millions we are talking about being taken out here, but billions," said a casino executive who was not authorized to speak to the media. "We have cash in the bank but with everyone withdrawing, it's a problem."

Several other executives also told Reuters that cash was being taken out in the billions of Hong Kong dollars. While Macau casinos have ample reserves to ride out several months of zero revenues, the rising cash withdrawals point to a major loss of confidence in the crucial VIP junket sector in a further blow to the economy, analysts said.

The sector accounts for around 50 percent of overall gambling revenues, which hit $36.5 billion last year. The pandemic has already ravaged the economy with gambling revenues down around 96 percent in the second quarter year-on-year. The withdrawals began when hundreds of customers tried to pull deposits from top junket Suncity, at its VIP clubs across Macau, over fears it was being targeted by Chinese authorities. Suncity denied the allegations.

The group then began restricting withdrawals, sparking a panic rush by customers seeking to pull their money from all junkets, executives said. Suncity said it was acting in compliance with new casino policies, but declined to elaborate.

Junkets in the former Portuguese colony are licensed to provide customers with chip deposits and withdrawal services on behalf of casinos Sands China, Wynn Macau, MGM China, Galaxy Entertainment, SJM Holdings and Melco Resorts. All casinos declined Reuters requests to comment.—Reuters