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Business

Britain rail workers strike again

Decades-high inflation intensifies crisis

LONDON: Railway staff in Britain on Thursday staged the latest in a series of strikes, once again disrupting commuters and leisure travellers, as decades-high inflation hits salaries and prompts walkouts across various industries.

The latest action by rail workers, which will be repeated on Saturday, is part of a summer of strike action by the sector and others at a scale not seen since the 1980s under former prime minister Margaret Thatcher.

The dispute over pay rises and working conditions has shown little sign of resolution and is likely to be exacerbated by news this week that UK inflation topped 10 percent in July for the first time since 1982. The global impact of the war in Ukraine on energy and food prices, and, to a lesser extent, post-Brexit trade frictions are blamed for the surging cost-of-living crisis in Britain.

Tens of thousands of railway staff are set to walk out over the two days, leaving a skeleton train service and stranding holidaymakers and commuters, even if home-working continues for many office staff after COVID restrictions were lifted. Meanwhile, London transport workers serving the underground "Tube" and bus network will walk out on Friday, creating three days of travel misery in southeast England.

"It's extremely unreliable these days, so I'm finding I'm having to drive, park and pay a lot more," recruitment consultant Greg Ellwood, 26, told AFP at an unusually quiet Euston station in London.

"We're all just trying to make a living and get by... So I've got all the sympathy in the world for them," he added, referring to the strikers.

'Defend jobs'

Among the sectors also calling strikes are dockers at Felixstowe, Britain's largest freight port situ-

ated in eastern England, who will start an eight-day stoppage Sunday. The waves of industrial action could continue into the autumn, since the Bank of England forecasts inflation will top 13 percent later this year, tipping the economy into a deep and long-lasting recession.

"We will continue to do whatever is necessary to defend jobs, pay and conditions during this cost-of-living crisis," Sharon Graham, head of major British union Unite, said this week. "This record fall in real wages demonstrates the vital need for unions like Unite to defend the value of workers' pay," Graham said. She hit out at suggestions, including from BoE governor Andrew Bailey, that pay rises were in part fuelling inflation.

"Wages are not driving inflation," she insisted ahead of the latest UK inflation data that showed rocketing food prices were the main factor behind July's spike. Inflation has soared worldwide this year also on surging energy prices, fuelled by the invasion of Ukraine by major oil and gas producer Russia.

Mick Lynch, general secretary of the Rail, Maritime and Transport union (RMT), urged the UK government to get involved in talks over pay, jobs and conditions. "Instead of waging an ideological war against rail workers, millions of voters would rather that the Government allow for a fair negotiated settlement," he said at a picket line at Euston.

Pay deals

But a transport department spokesperson blamed union leaders like Lynch for inflicting "misery" on millions, urging them to work with industry "to agree a deal that will bring our railways into the 21st century".

Some proposed strikes planned for the British summer have been halted after unions and companies agreed pay deals at the eleventh hour. But



LONDON: Police officers patrol at Waterloo Station in London on August 18, 2022 as Britain's train network faced further heavy disruption in major walkouts that follow the sector's biggest strike action for 30 years already this summer. —AFP

while British Airways ground staff and plane refuellers at Heathrow airport have scrapped proposed walkouts, other sectors are holding firm.

More than 115,000 British postal workers employed by former state-run Royal Mail plan a four-day strike from the end of August. Telecoms giant BT will face its first stoppage in 35 years and walkouts have recently taken place or are soon to occur by Amazon warehouse staff, criminal lawyers and refuse collectors.

Major UK business lobby group, the CBI, this

week acknowledged workers' ongoing "struggle with rising costs like energy prices" and said employers were "doing their level best to support staff". It also claimed, however, that "the vast majority" of companies "can't afford large enough pay rises to keep up with inflation".

Analysts are forecasting sector-wide stoppages to last beyond the summer as inflation keeps on rising. It comes as teachers and health workers have hinted at possible walkouts should they not receive new pay deals deemed acceptable. — AFP

Stocks wobble over Fed rate hike fears

LONDON: Stock markets fluctuated on Thursday after the Federal Reserve signalled its intention to maintain a policy of aggressive US interest rate hikes to bring down the highest inflation in decades. European equities were mixed, with London and Frankfurt rising in afternoon trading while Paris was flat.

Wall Street opened lower, extending losses following the release of Fed minutes on Wednesday. "Closely watched minutes of the last Federal Reserve meeting show US central bank policymakers are set to stay firmly on the path of rate rises," noted Susannah Streeter, senior investment and markets analyst at Hargreaves Lansdown.

While policymakers said they would eventually have to start tempering their tightening pace, they said they would keep borrowing costs elevated "for some time", though admitted there was a risk of going too far and damaging the economy.

But Craig Erlam, analyst at OANDA trading platform, said Wednesday's minutes could also indicate that the Fed "is aware of the risks and may therefore ease off the break as soon as the opportunity arises in order to avoid tightening too much".

"It also raises the possibility of a swift U-turn from hiking rates to cutting them as markets have indicated recently and policymakers have pushed back against," he said. "Needless to say, there are many more twists and turns to come."

The minutes dampened hopes that after a period of sharp increases this year, the bank could possibly



TOKYO: A woman walks past an electronic share price board showing the closing numbers on the Tokyo Stock Exchange in Tokyo. —AFP

begin lowering them in 2023 once inflation was coming down. Bets on a more dovish approach in the new year had been boosted by data showing US inflation came down quicker than expected in July.

That helped drive a rally in equities from their June lows and weighed on the dollar. But the realisation that policy would likely stay restrictive undermined the sense of optimism. "The key take-away from these minutes would appear to show that there is little inclination on the part of anyone on the (policy board) to even look at the possibility of rate cuts," said Michael Hewson at CMC Markets.

He added they "chime with more recent com-

Taipei's representative in Washington Hsiao Bi-Khim wrote: "We welcome this announcement, and Taiwan's ready to start!" The United States and Taiwan share a longstanding trade and investment relationship. The island is also a crucial global supplier of some of the most advanced semiconductors, used in everything from mobile phones and laptops to cars and missiles.

But Taiwan's largest trading partner by far remains China, which bristled at the announcement and said it "firmly opposes this". "China has always opposed any official exchanges between any country and the Taiwan region of China," Beijing's commerce ministry spokeswoman Shu Jueting told reporters on Thursday, adding that the matter concerned China-US relations.

Beijing views Taiwan as its own territory to be seized one day, by force if necessary, and last year 42 percent of Taiwan's exports went to China and Hong Kong compared with 15 percent for the United States. Washington diplomatically recognises Beijing over Taipei, but maintains de facto relations with Taiwan and supports the island's right to decide its future.

'Intimidate and coerce'

The United States has said its position on Taiwan remains unchanged and has accused China of threatening peace in the Taiwan Strait and using the visit by Pelosi as a pretext for military exercises. Its top envoy in East Asia on Thursday said Beijing will likely

ramp up pressure on Taiwan in the coming months after the drills.

"While our policy has not changed, what has changed is Beijing's growing coercion," Daniel Kritenbrink, assistant secretary of state for East Asian and Pacific affairs, told reporters on a teleconference call.

"These actions are part of an intensified pressure campaign... to intimidate and coerce Taiwan and undermine its resilience," he said. The envoy said Washington would respond to China's aggression with "calm, but resolute steps" to keep the Taiwan Strait open and peaceful.

His comments come after a top US naval commander said this week that Washington and its allies must contest China's ballistic missile fire over Taiwan, which he called a "gorilla in the room".

China's exercises included firing multiple ballistic missiles into waters off Taiwan—some of the world's busiest shipping routes—which was the first time China has taken such a step since the mid-1990s.

Taiwan has staged its own drills simulating a defence against invasion and on Wednesday displayed its most advanced fighter jet in a rare nighttime demonstration in the wake of China's moves around the island. "In the face of the threat from Chinese communist forces' recent military exercises, we have stayed vigilant while establishing the concept of 'battlefields everywhere and training anytime'... to ensure national security," Taiwan's air force said in a statement. — AFP

US home sales fall for sixth straight month in July

WASHINGTON: Existing home sales fell sharply in July, declining throughout the United States and in every price category amid high borrowing costs, according to industry data released Wednesday. The sixth consecutive monthly decline came as home prices continued to rise albeit at a slightly slower pace, according to the National Association of Realtors (NAR).

The housing market soared during the pandemic as Americans, flush with savings, took advantage of bargain mortgage rates to snap up homes. The sector is a huge part of the world's largest economy since it drives spending in other categories, including appliances, furniture, and home improvement materials.

High demand exacerbated the pre-pandemic housing shortage, sending prices higher. But as the Federal Reserve has raised interest rates aggressively to combat scorching inflation, the sales pace has taken a hit.

Existing home sales fell 5.9 percent compared to June, to an annual rate of 4.81 million units, seasonally-adjusted, NAR reported. That was below what economists had projected, and the lowest since November 2015, if the brief 2020 pandemic slump is excluded.

"The sales declines are pretty much across the board," with all four regions of the country, including the Midwest—the most affordable-seeing drops, NAR Chief Economist Lawrence Yun told reporters.

After topping \$400,000 in May for the first time, the median sale price dipped slightly from June, as it does every year, Yun said, to a still-high \$403,800. That's 10.8 percent higher than July 2021.

Pre-pandemic, prices were rising by about five percent a year, Yun said. With the stock of unsold homes at just 3.3 months of supply, "this is still considered a tight market," with 39 percent of homes sold above list price, he added.

Purchases have dropped as loan costs jumped to nearly six percent, but Yun said it is possible that rates, which have fallen closer to five percent, may have peaked and sales could "stabilize... giving an additional boost of purchasing power to home buyers."

Other data show that builders are starting to pull back, and new home construction has slowed, and Yun said he is concerned that if mortgage rates ease further, a rush of new buyers into the market could worsen the housing shortage.

Existing home sales make up 90 percent of the real estate market. The government is due to release data on July new home sales Tuesday. — AFP

US, Taiwan announce plans for trade talks

TAIPEI, Taiwan: Taiwan and the United States announced plans on Thursday for trade talks in the early autumn as a senior US diplomat warned Beijing will continue to squeeze the self-ruled democracy it claims as its own.

Tensions in the Taiwan Strait have soared to their highest in years after US House Speaker Nancy Pelosi visited Taipei, sparking a furious response from Beijing which launched its largest military drills around the island. The negotiations would cover a variety of areas, including agriculture, digital trade, regulatory practices and removing trade barriers, the Office of the US Trade Representative said in a statement.

The talks "will deepen our trade and investment relationship, advance mutual trade priorities based on shared values, and promote innovation and inclusive economic growth for our workers and businesses," said Deputy United States Trade Representative Sarah Bianchi. "We welcome this opportunity to deepen economic collaboration between our 2 freedom-loving countries while shaping a new model for trade cooperation in the Indo-Pacific," Taiwan's foreign ministry said in a tweet.