

## Business

# New strike turmoil grips France as Macron remains defiant

## Macron's ratings near record low amid French protests

PARIS: Fresh strikes and protests roiled France on Tuesday with a record number of police deployed, as President Emmanuel Macron remained defiant over a pensions reform that is sparking turmoil in the country. The day of action is the tenth since protests began in mid-January against the law, which includes raising the retirement age from 62 to 64.

Last Thursday saw the most violent clashes yet between protesters and security forces, as tensions erupted into pitched battles on the streets of Paris and police reported 457 arrests across France and injuries to 441 officers. Interior Minister Gerald Darmanin said 13,000 members of the security forces would be deployed -- 5,500 of them in Paris alone. The number, a record, was justified by "a major risk to public order".

Nearly two weeks after Macron rammed the new pensions law through parliament using a special provision sidestepping a vote in the lower house, unions have vowed no let-up in mass protests to get the government to back down. A state visit to France by Britain's King Charles III, which had been due to begin on Sunday, was postponed because of the unrest.

Macron on Monday instead met Prime Minister Elisabeth Borne, other cabinet ministers and senior lawmakers for crisis talks at the Elysee Palace. "We need to continue to hold out a hand to the unions," a participant in the meeting quoted Macron as saying, although the president rejected any revision of the pensions law. In a conciliatory gesture, Borne has scheduled talks over three weeks with members of parliament, political parties and local authorities, while still hoping to meet union leaders.

She is expected to offer worker representatives new measures designed to ease the impact of the pensions law targeting physically demanding jobs, conditions for older workers and retraining. But early reactions were not promising for the prime minister.

## Geneva watch show opens in throes of banking turmoil

GENEVA: The Geneva watch fair opened Monday buoyed by booming growth in the watchmaking industry, but insiders warily eyed the banking sector turmoil, evoking painful memories of the 2008 financial crisis. Industry professionals were upbeat on the first day of the Watches and Wonders annual fair, where 48 prestigious brands including Rolex, Patek Philippe and Cartier were showing off their new creations.

The fair, which runs until Sunday with the weekend open to the public, kicked off after two years of record gains for Swiss watchmakers. Exports soared by 31.2 percent in 2021, after a strong rebound in sales in the United States and the Middle East. And the return of luxury tourism to Europe in 2022 after two years of COVID disruptions pushed exports up a further 11.4 percent to 24.8 billion Swiss francs (\$27.1 billion). The growth has also continued so far this year, with exports up by another 10.6 percent during the first two months of 2023, according to statistics from the Federation of the Swiss Watch Industry.

But optimism at the Geneva fair was somewhat dampened by the angst surrounding the turbulence currently lashing the banking sector. Switzerland—whose vibrant banking scene is a key part of the country's economy and culture—has been rocked to the core after the government strong-armed the nation's biggest bank UBS into swallowing up its troubled competitor Credit Suisse, in a bid to ward off a larger global banking crisis.

### 'Global repercussions'

The upheaval has brought back difficult memories for Swiss watchmakers. After the 2008 round of bank failures sparked a global financial crisis, Swiss watch exports plunged 22.3 percent in 2009 -- more even than during COVID-dominated 2020. "I am unable to say what the global repercussions will be," Thierry Stern, the boss of Patek Philippe, told AFP.

"But I still think it should be easier than in 2008-2009." For the moment the difficulties remain "very localized" as Patek Philippe "sells all over the world", said Stern, who is counting in particular on Asia to ensure growth in 2023. Jerome Lambert, man-

## WB warns of 'lost decade' of growth on China-led slowdown

WASHINGTON: An anticipated economic slowdown in China is likely to drag global growth down to its lowest level this century, the World Bank said Monday, proposing measures to prevent a "lost decade" of growth. The world's potential growth—its maximum long-term growth rate without sparking inflation—will slow to an average annual rate of just 2.2 percent this decade, the World Bank said in a statement.

A confluence of factors, including the lingering impact of the COVID-19 pandemic, the war in Ukraine and the ongoing risks to the financial sector in Europe and the United States, are all acting to slow the global economy, which the bank expects to expand by just 1.7 percent this year.

The Washington-based multilateral lender predicts that China's economy will help keep the global economy from entering a recession due to an annual growth rate of five percent this year. But its ability to keep the world's economy afloat will wane as its growth slows in the years ahead, the bank said.—AFP

### 'Cooling off'

Laurent Berger, the head of the moderate CFDT union, said he would accept the offer of talks but only if the reform was first "put to one side". On Tuesday, he also called for the appointment of a mediator between unions and the government saying this would be "a gesture in favor of cooling off, and finding a way out". Hard-left CGT union leader Philippe Martinez said: "The aim is the withdrawal" of the pensions law.

But government spokesman Olivier Veran said the law was no longer up for discussion. "It's in the past now," he said. The protest movement against the pension reform has turned into the biggest domestic crisis of Macron's second mandate. Meanwhile, Macron's personal ratings are approaching their lowest recorded level over his handling of pension reform and protests, a poll indicated Tuesday. The survey by the Odoxa polling group said only 30 percent of respondents thought he was a "good" president, down by six percentage points in a month, while 70 percent judged him negatively. Macron's popularity is approaching the low reached in December 2018 during so-called "Yellow Vest" anti-government demonstrations, when only 27 percent of people held positive views of the president.

### 'Not going to make it'

"I agree with the protesters," said Yasmine Mounib, a 19-year old student in Lille, northern France. "But they should keep some trains running for students. This is costing me my education," she said, adding that she was going to miss her 8 am (0600 GMT) class although she got up at 4.

Carole Guibert, a high school teacher in Douai, also in northern France, was also worried. "I told my pupils that I would teach my class, but I'm not going to make it," she said. The head of the French Catholic



BORDEAUX, France: Protesters hold a banner reading "Good salaries for a good pension" during a demonstration in Bordeaux, southwestern France, on March 28, 2023. — AFP

Bishops' Conference, Eric de Moulins-Beaufort, said Tuesday violence accompanying protests was "an alarming symptom of the state of the social fabric" in France. Veran, meanwhile, said that the government was a "bulwark against illegitimate violence".

Protesters in Nantes, western France, blocked access roads to the city, creating 45 kilometers (30 miles) of congestion early Tuesday. Mass transit in Paris was heavily affected, with traffic both on metros and suburban trains disrupted.

Rubbish collectors in the capital are continuing their strike, with close to 8,000 tonnes of garbage piled up in the streets as of Sunday. Adding to the blockage, workers at an incineration plant just outside Paris stopped work on Monday. About 15 percent of service stations in France are short of petrol because of refinery strikes. France's civil aviation au-

thority told airlines to cut some of their scheduled flights for the rest of the week.

The Louvre in Paris, the world's most visited museum, was closed on Monday after workers blocked entry to the attraction. French industrial action comes a day after a major strike brought much of Germany's air traffic, rail service and commuter lines to a halt as workers demand wage hikes in the face of brisk inflation. It also comes only days after protesters and police engaged in major clashes at a protest over water storage facilities in Sainte-Soline in southwestern France.

French police have come under severe criticism for heavy-handed tactics and the IGP, the internal affairs unit of the French police, has launched 17 investigations into incidents since the pensions protests began.—AFP



GENEVA: Participants stand at the booth of luxury Swiss watchmaker Ulysse Nardin, on the opening day of the luxury watch fair 'Watches and Wonders Geneva', in Geneva on March 27, 2023. — AFP

aging director of the luxury giant Richemont—owner of the Cartier, Piaget and IWC brands—acknowledged that the turnaround in demand in 2009 had been "very rapid" and very "severe".

"But it was a big lesson for us," he said, explaining that the group had since taken distribution in hand. Edouard Meylan, owner of the Haulteule brand, nevertheless believes that "lights are turning red".

"If there is a financial crisis, it will have a very big impact on our sector," he told AFP, especially since with supply difficulties some watchmakers have gone from "very large orders from their suppliers" and risk finding themselves with large stocks if the market turns. Other analysts believe there is little reason to panic just yet. "For now, I would expect the impact to be muted," Jon Cox, an industry analyst with the Kepler Cheuvreux financial services company, told AFP, adding that he is still expecting to see growth this year of around 10 percent in exports.

### Full steam ahead for China?

However, the Credit Suisse debacle, which threatens tens of thousands of jobs in the financial sector, could take its toll. "The financial community is an important part of the buying public for

the watch industry and there could be impact in local markets, such as Switzerland, on domestic business," Cox warned, adding though that "this is likely to be offset by tourism". For now, Swiss watchmakers are looking to the Chinese market to pick up pace and ensure their 2023 export growth. When demand was exploding in other markets as they rolled back pandemic protection measures, the watch market in China remained subdued as the country ploughed on with its zero-COVID rules, and then saw infection numbers explode when it abruptly ended that policy late last year.

But watchmakers and experts are expecting that to change with the reopening of the Chinese economy. Jean-Philippe Bertschy, an analyst with Swiss investment managers Vontobel, warned however that "a return to normalcy" for Chinese watch sales—traditionally Swiss watchmakers' largest market—will take time.

On the positive side, he told AFP he was confident, given "the level of savings the Chinese had set aside during the health restrictions". As for tourism, he cautioned that while Chinese travellers may quickly flock to Asian destinations, "it will take more time before they return to Europe," due to the continued limited air transport capacity and visa backlogs.—AFP

## Fed: SVB collapse 'textbook case of mismanagement'

WASHINGTON: The collapse of Silicon Valley Bank (SVB) was a "textbook case of mismanagement" which requires tougher banking regulation, according to prepared remarks by a top Federal Reserve official. "SVB failed because the bank's management did not effectively manage its interest rate and liquidity risk," the Fed's vice chair for supervision Michael Barr said in remarks released ahead of a Senate hearing Tuesday. He added that its failure "demands a thorough review of what happened, including the Federal Reserve's oversight of the bank."

Silicon Valley collapsed on March 10 after taking on excessive interest-rate risk, leaving it exposed when the Fed began hiking rates to tackle rising inflation. Its "concentrated" business model, which relied heavily on a closely-interconnected network of venture capitalists, also left it vulnerable to a bank run by concerned depositors, Barr added in remarks released Monday.

"The bank waited too long to address its problems, and ironically, the overdue actions it finally took to strengthen its balance sheet sparked the uninsured depositor run that led to the bank's failure," he said.

### Oversight relaxed

Barr said the passage of the 2019 Economic Growth, Regulatory Relief, and Consumer Protection Act, led the Fed to reduce its regulation of smaller banks, including SVB. The "less stringent" standards put in place by the Fed after the Republican-backed bill's passage meant SVB was subject to "less frequent stress testing" and "less rigorous capital planning and liquidity risk management standards."

Barr said SVB's failure "illustrates the need to move forward with our work to improve the resilience of the banking system." The Fed will propose a number of reforms to increase capital and long-term debt requirements for banks of SVB's size, he added. "We will need to enhance our stress testing with multiple scenarios so that it captures a wider range of risk and uncovers channels for contagion, like those we saw in the recent series of events," he said, adding that changes to liquidity rules may also be required. "To improve the resiliency of the financial system." —AFP



BOAO, China: This photo taken on March 27, 2023 shows journalists working at the media center ahead of the Boao Forum for Asia in Boao, south China's Hainan province. — AFP