Nine EU countries call for steeper aviation tax

Finance ministers from France, Germany, Italy, Luxembourg, the Netherlands and Sweden urged the EU to come up with new measures to target the industry, but fell short of calling for a specific pollution tax.

An EU report in May said that adopting a tax would go to great lengths to cut carbon emissions without having a major impact on employment. Greece also has stated its willingness to target aviation with a special tax.

Drawing up an EU-wide tax would however be difficult, with several EU nations insisting that tax policy remains a national policy.

Tourist destination countries, such as Spain or Greece, also fear a painful hit against low cost flying.

Nine EU countries joined forces to push for proposals for cleaner aviation in Europe, a high-profile policy sector that they said was understated.

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EU executive to draw up a new tax.

According to the EU commission, aviation is a country, it would rank in the top five emitters.

Aviation worldwide are spared hefty taxes on gasoline and other fossil fuels, just as the industry’s carbon footprint is skyrocketing.

“Compared to most other means of transportation, aviation is not sufficiently priced,” a position by the industrial lobby said.

We call upon the European Commission to bring forward a proposal for an EU initiative on aviation pricing,” it said, calling for the EU to draw up a new tax.

The Netherlands is pushing for the UK to go it alone with its own levy in June, as concerns deepen over the protests.

We haven’t seen any significant outflows, but we have been tracking some of these measures on a regular basis,” said Amy Ly, UBS co head of Asia Pacific wealth management. “Our clients have been diversifying all along. It’s not in the last one year.

Private banks including the world’s largest wealth manager UBS have felt the effects of US-China trade tensions and global political uncertainties, as clients last year shed assets from trading and taking in debt in favour of holding cash.

The net worth of China’s richest dropped about 28 percent in dollar terms on the back of tumbling stock markets, a weaker local currency and a slowdown in growth, the report found.

Some Hong Kong tycoons have begun moving personal wealth offshore, Reuters reported yesterday.

The world’s richest fell 4 percent globally to $8.5 trillion last year, the UBS report found, with months of anti-government protest in Hong Kong and the Asia-Pacific region moving broadly.

Private wealth in Hong Kong fell 4 percent to $410bn, the report showed, with months of protest against the Chinese rule in the southern metropolis clouding the outlook.

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**Rise in German exports gives relief from recession fears**

German exports posted their best gain in two years in September, data showed yesterday, easing growing fears of widespread concerns that Europe’s largest economy would slip into recession in the third quarter.

According to the Federal Statistics Office yesterday, seasonally adjusted exports rose by 0.5 percent on the month and compared with economist expectations of a 0.1 percent increase. "It is not a doubt that industry is in recession, the economic output of industry could have avoided another contraction - and hence a technical recession - at the very last minute," said ING economist Carsten Brzeski in a note to clients yesterday.

The economy shrank by 0.1 percent in the third quarter and recent data have suggested manufacturing fared badly in the third which could put Germany in a technical recession - usually defined as two straight quarters of contraction.

"Today’s trade data suggest that there has been hardly any negative drag from net trade on third-quarter gross domestic product," he said, adding private consumption looked like it had increased slightly and construction was flat or positive. Germany’s emergency manufacturers have been suffering from a slowing world economy and business uncertainty linked to a trade war between the United States and China, and Britain’s planned, if delayed, exit from the European Union.

Data published this week has painted a mixed picture of the industrial sector, with output falling more than forecast in September while orders rose more than expected. A survey showed Germany’s manufacturers’ output weighted in recession in October as new order fell.

Speaking about yesterday data, Landesbank Baden-Wuerttemberg economist Jens-Oliver Niklasch said: "This looks like a revival of foreign trade but looking at the whole year, September is more of an outlier." He said foreign trade had been rather weak throughout 2019 and added that the risks in overseas trade had declined but not disappeared. A 0.4 decline in exports to non-euro zone European Union countries between January and September compared with the same period last year could be due to this, he said.

The DIHK Chambers of Commerce expects exports to grow by 0.5% this year as a whole before declining by 0.5% next year, which would be their first fall since the global financial crisis.

A panel of economists advising the government on Wednesday said Germany’s long-term upswing had come to an end and that the economy was more in a recession than a possible elimination of the trade conflicts. But they did not expect a "broad and deep recession." Friday’s data showed imports climbed by 3.3% in September. The trade surplus widened to 1.8 billion euros from an upwardly revised 1.7 billion in the previous month.

Economists polled by Reuters had expected imports to be unchanged and saw the trade surplus at €1.8bn.

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**Turkey-Hungary cooperation agreement**

Turkish Industry and Technology Ministry Mustafa Varan (left) and Minister of Foreign Affairs and Trade of Hungary Peter Szijjarto shake hands after signing a cooperation agreement between two countries during a signing ceremony following High-Level Strategic Cooperation Council Meeting in Budapest, Hungary.

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**Daimler mulls slashing 1,100 jobs**

AFP

German luxury carmaker Daimler plans to cut 1,100 managerial jobs worldwide in fresh efforts to cut costs as it grapples with expensive recalls and a slowing global market.

A German newspaper reported yesterday that the Chinese maker may make the first such fire sale of one tenth of all senior roles in Germany alone, the Süddeutsche Zeitung wrote, citing an email sent to staff by a group’s works council.

Daimler’s Caldiero Gallieni would unveil details of the layoffs at a capital markets day in London on Thursday, it said. According to the daily, Gallieni will ask recent weeks by refinancing and new group whereabouts headwinds from global recession, costly recalls and a massive "throttlegate" fine.

Daimler refused to comment, saying in a statement that it remained "in a constructive dialogue with worker representatives". But sources said the group needed to take action to tackle "strained financial situation".

Like its rivals, the Stuttgart-based firm is spending billions in the shift towards the electric, autonomous and connected vehicles of the future.

It has also been hit with mass recalls linked to faulty Takata airbags and to diesel engines allegedly fitted with software to dupe emissions tests.

While the company has steadfastly denied cheating, it nevertheless agreed to pay an €800 million fine to US and German authorities in September for having engaged in conduct that did not conform with legal emissions limits.

The setback pushed Daimler into a net loss of €2.2bn in the third quarter, its first three-month loss in 10 years. Daimler’s share price fell 55% as the car industry is consistently furthering a mixed growth, weighed down by US-China trade tensions.

The group has previously warned that its cost-cutting drive would last longer than “all business areas”.

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**Stock markets mostly retreated at end of positive week**

Stock markets mostly retreated yesterday on profit taking at the end of a largely positive week for equities across the US and Europe despite upbeat comments from US President Donald Trump.

Infosys was the only major Indian stock to gain.Nestle SA in Switzerland increased its annual revenue targets but said the Swiss franc’s strength was weighing on consumer products.

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**China export drop beats forecasts in October but more pain tipped**

APF

China’s exports suffered their third month of decline in October, which was less than expected, though a marked drop in imports also fuelled fears of more pain to come as the US trade war rumbles on.

While tensions between the world’s top two economies are beginning to ease, Beijing is struggling to get the engines of growth firing on all cylinders as demand for its goods around the world falls off.

In the latest sign of weakness, official data showed overseas shipments fell 0.9% year-on-year last month, though that was much slower than the 3.2% percent drop seen in September and much better than forecasts. Economists surveyed by Bloomberg had tipped a 3.9 percent plunge.

Imports sank for the sixth straight month in October, dropping 4.6 percent, though that was an improvement on the previous month and the biggest slide since early 2017.

China’s trade surplus with the United States, a key point of anger in the White House, increased to $26.6bn.

The economic powerhouse has been embroiled in a bruising trade war for more than a year with punitive tariffs slapped on two-way trade worth hundreds of billions of dollars.

But markets have been buoyed in recent weeks by expectations the row, which has dragged on the global economy, could be easing as China and the US finalise a mini trade deal that is part of a wider agreement.

Hopes for an end to the trade war were boosted Thursday when China said the two sides have agreed a plan to remove tariffs imposed on goods in stages if the phase one preliminary pact on which they are working is completed.

Ken Chen Tan pictured: a senior strategist at Mizuho Bank said that the ‘less worrying’ trade figures should help to boost confidence and make the US-China trade deal crosses the finish line, it is unlikely to alleviate the market’s anxiety over possible further facing exporters and outbound shipping lines set to remain weak in the coming months.

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Work on ECB digital currency under way

Reuter's 1100 GMT

Plans for a European public digital currency have been emerging after social media giant Facebook announced in June its blueprint for Libra, a private digital currency, which spooked regulators who have since raised concerns and said Facebook's project could be banned.

A public cryptocurrency would represent an alternative to Libra and other private projects and could reduce costs of international transactions, which EU officials see as too high.

Addressing it would take time to develop a European version of Libra, French Finance Minister Bruno Le Maire told Reuters this week, adding that Facebook's project faced challenges.

The ECB's policymaking Governing Council will meet next week for the first time under the presidency of Christine Lagarde, who replaced Mario Draghi at the beginning of this month.

The official said that meeting could address the issue of a public digital currency in a session dedicated to future challenges.

The debate is at this stage focused on whether a public cryptocurrency is feasible or desirable, the official cautioned.

In separate comments, Le Maire backed proposals from Germany's Finance Minister Olaf Scholz to limit progress on a Europe-wide bank deposit guarantee scheme, to restrict their exposure to sovereign debt.

It is not good that banks, be they German, Italian, French or Spanish, are too exposed to the sovereign debt of their country, Le Maire said, stressing these holdings should fall before the EU could implement a joint insurance scheme for savers.

Existing national schemes in the 28 EU states cover deposits up to €300,000 ($330,000), but they may not be sufficient in the event of large banking crises.

Le Maire's comments are likely to irk Italy, whose banks hold large chunk of the country's huge public debt. Italian Finance Minister Roberto Gualtieri made it clear on Thursday that Rome may not be sufficient in the event of large banking crises.

Le Maire said several technical and legal challenges remained.

That would cut transaction costs but would make existing banks and payment services largely redundant.

Under a less radical option, banks could be given electronic cash or tokens by the ECB which they could then distribute to their clients, the official said, stressing that work was under way and that several technical and legal challenges remained.

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