

## BUSINESS

## France's Alstom lands contract for Indian metro link

France's Alstom said Monday it had won a 150-million-euro (\$170 million) contract to provide metro trains and signalling for the northern Indian city of Lucknow.

The French manufacturer said it had inked an accord with Lucknow Metro Rail Corporation (LMRC) to provide 20 four-car Metropolis trains fitted with air conditioning for a 23-kilometre (14-mile) line comprising 22 stations.

"This is an important project for

Lucknow's inhabitants and its visitors as they will soon be able to commute from the north to the south of the city onboard a metro that is safe, fast, reliable and environmentally friendly," said Dominique Pouliquen, Senior Vice-President for Alstom Transport Asia-Pacific.

The company said the metro cars for Lucknow, capital of Uttar Pradesh, will be produced in its Sri City train manufacturing facility in India with the signalling system

jointly supplied by Alstom's sites in Bangalore, India and Saint-Ouen, France.

Alstom's latest inroad into Indian rail infrastructure adds to the previous award of major metro projects in other cities including Chennai, Delhi and Kochi.

The firm's Metropolis train already operates in several major cities including Paris, Singapore, Sao Paulo, Shanghai and Amsterdam. (AFP)

## France to consider phasing out diesel tax breaks

France is considering raising taxes on diesel over the next five years to end an advantage over gasoline and encourage drivers to choose cleaner cars, Environment Minister Segolene Royal said.

Diesel's image has been tarnished by health warnings and in the past month by revelations that Volkswagen cheated on emissions tests in the United States, putting countries like France that have promoted diesel cars in recent

decades in an awkward position.

Royal, who is also responsible for transport, has in recent weeks rejected calls to ban diesel or end its tax breaks, but on Sunday backed the idea of phasing out the fuel's tax advantage.

"We need to start preparing our move out of diesel right now," she told France 5 television. "We should phase out diesel's (tax) advantage over five years."

on diesel was currently 0.15 euros per litre lower than on gasoline.

Progressive increases in diesel taxes would be discussed during the debate on France's 2016 budget bill, and should be offset by tax breaks for buying cleaner-fuel vehicles, she said.

Diesel models account for more than half of the cars on French roads, although their share in new-car sales has fallen in the past three years. (RTRS)

## Modi, Merkel agree to fast-track deals

## Germany to up investment in India

**NEW DELHI, Oct 5, (AFP):** Narendra Modi on Monday hailed Germany as a "natural partner" of India after signing deals with Angela Merkel on clean energy and speeding up the European powerhouse's investment in Asia's third largest economy.

The German chancellor held lengthy talks with the Indian prime minister on her first trip to New Delhi since Modi's right-wing party stormed to power in May 2014 promising to reform and revive the economy.

Briefly leaving behind a refugee crisis in Europe, Merkel and her ministers signed 18 deals with India's government, including on renewable energy and fast-tracking approvals for German companies to operate in India.

"We see Germany as a natural partner in achieving our vision of India's economic transformation. German strengths and India's priorities are aligned," Modi said after meetings lasting three hours with Merkel, who arrived in the capital on Sunday.

Foreign companies have long despaired at India's levels of taxation, corruption and other obstacles to doing business. But many have welcomed

Modi's efforts to make it a faster and more reliable place to invest.

The two countries signed agreements worth two billion euros (\$2.25 billion) on German investment in developing India's clean energy corridors and solar energy industry, ahead of crucial UN climate change talks late this year.

"Energy cooperation is very much in the foreground, particularly exploring and developing rural areas is very much on our agenda," Merkel said, standing alongside Modi.

India, the world's third largest emitter of greenhouse gases, has pledged to generate 40 percent of its electricity from renewable sources within 15 years as part of its action plan for the upcoming talks in Paris.

But India has rejected calls to curb its heavy reliance on coal for power, instead calling on industrialised country to bear the burden of curbing emissions.

Germany is already India's most important trading partner in Europe and both Modi and Merkel have said they are keen to increase trade.

Trade was worth nearly 16 billion euros (\$17.9 billion) in 2014 — mostly chemicals, machine tools, electrical goods and textiles.

But Merkel's Foreign Minister Frank-Walter Steinmeier said German companies were concerned about "too much red tape, infrastructure hurdles, corruption, lack of skilled labour (and) tax disputes" in India.



Germany's Chancellor Angela Merkel (left) looks on as India's Prime Minister Narendra Modi addresses a press conference at Hyderabad House in New Delhi on Oct 5. Angela Merkel has begun a mission to clear the path for German companies keen to do business in India, as Prime Minister Narendra Modi looks to the European powerhouse to help revive its economy. (AFP)

"A reliable legal and administrative framework is indispensable for German companies in India," he said in an interview with the Hindustan Times before the talks, while applauding Modi's government for moving in the right direction.

Merkel welcomed the fast-track approval agreement signed on Monday, which will ensure German companies have a single point of contact with the Indian government, to avoid its notorious and multiple layers of bureaucracy.

"I was very glad we were able to sign the

fast-track agreement today so that the speed with which you provide licences to companies to set up business is increased," she said.

German investments in India stand at 9.7 billion euros with about 1,600 companies in the country, where the chemistry, energy and pharmaceuticals sectors are of greatest interest.

The leaders met in April on Modi's first official visit to Germany, where the Indian premier sought more investment as he intensifies his drive to make India a manufacturing hub.

## Data adds to concerns over outlook

## Eurozone business activity slows in September: survey

**BRUSSELS, Oct 5, (AFP):** Eurozone economic activity slowed more than first thought in September, a key business survey showed on Monday, adding to concerns over the outlook.

Data monitoring company Markit said its revised September Purchasing Managers Index fell to 53.6 points, compared with a first reading of 53.9 points.

The PMI, a closely watched indicator, stood at 54.3 points in August, well above the 50-point boom-or-bust line as holding near the best performance in four years.

Analysts had welcomed the original September figures as showing the 19-nation eurozone economy continued on track for a modest recovery.

But they also expressed concern at the slowdown, warning that the European Central Bank might have to boost its already massive, one trillion euros stimulus programme, if the slide continued.

The data emerged as eurozone finance ministers were set to meet

Monday for the first time since Greek voters re-elected leftist premier Alexis Tsipras, who now faces the task of implementing Athens's cash-for-reforms bailout deal.

Markit chief economist Chris Williamson said the latest figures suggested the eurozone economy would grow 0.4 percent in the third quarter, the same as in the three months to June.

"However, the failure of the economy to pick up speed over the summer will be a disappointment to the ECB, especially with job creation sliding to an eight-month low," Williamson said.

"The weakening of the pace of expansion in September raises the risk of growth fading further in the fourth quarter which would in turn boost the likelihood of the ECB opening the ... taps further," he said.

Howard Archer of IHS Global Insight said the latest figures "suggest that the risks to the growth outlook are currently more to the downside."

## Tech giants among cos exploiting loopholes

## New proposals target corporate tax dodging

**LONDON, Oct 5, (RTRS):** The body that advises industrial nations on economic policy published proposals on Monday to overhaul the way international companies are taxed in an effort to tackle avoidance.

Tight government finances and media reports on the tax structuring used by companies including Starbucks and Google have spurred significant public anger in Europe and the United States in recent years over tax avoidance.

The Group of 20 largest economies asked the Organisation for Economic Co-operation and Development (OECD) in 2012 to look at changing outdated tax rules that allow multinational companies such as Apple and Vodafone to pay almost no tax on their profits in many jurisdictions.

The companies say they follow the current rules.

Unveiling its recommendations on Monday, the OECD said they represented a fundamental shift, though critics said they did not go far enough.

"The tax world will not be the same before and after this," Pascal Saint-Amans, head of tax policy at the OECD, told reporters.

"We are moving into this new era where massive tax planning, massive tax avoidance is over. It will be much more difficult, much more costly and it (profit shifting) will become evasion and no more avoidance," he added.

The OECD said a conservative estimate of the amount of untaxed money moved by companies into tax havens was \$100 billion to \$240 billion annually, suggesting tens of billions of dollars in lost tax revenue.

Tax advisers agreed that the measures - which had been debated over the past year - could force many companies to restructure their operations and rethink how they fund themselves.

A spokesperson for the Confederation of British Industry (CBI), the UK's main business lobby group, said any changes should be implemented at the same pace internationally to avoid giving a competitive advantage to some companies.

However, some tax campaigners said the OECD could have gone further and questioned whether countries would turn the proposals into law.

"These proposals would not have prevented many of the major tax avoidance scandals of the last few years, nor do they do enough to help developing countries find a sustainable route out of poverty," Pamela Chisanga, Country Director for Zambia at charity ActionAid, said in a statement.

The rules that govern taxation of profits from international commerce date back almost a century.

However, globalisation and technology that allows products and services to be delivered in non-traditional ways have created opportunities for companies to shift profits out of the countries where the money is earned and into jurisdictions such as Luxembourg, Ireland or Bermuda which do not tax them.

The technology giants are seen as the most adept at exploiting loopholes, but drug makers, medical device groups, banks, fast food groups and retailers all commonly use contrived arrangements to cut their tax bills.

## Euronext logs strongest September 'since' 2008

**PARIS, Oct 5, (RTRS):** Euronext NV said September was its most active month in terms of average daily transaction value since 2008 as uncertainty over the US Federal Reserve interest rate hike and concerns of a slowdown in China weighed on stock markets.

Euronext, a pan-European exchange operator, said average daily transaction value on its cash order book rose 35 percent to 8.07 billion euros (\$9.06 billion) last month from a year earlier.

September was the culmination of a "volatile" quarter, said Lee Hodgkinson, head of markets and global sales at Euronext.

Trading volumes in August and September were boosted by the slowing Chinese economy and its impact on emerging markets and commodities, and the US Fed interest rate decision, Hodgkinson told Reuters.

"European economic indicators have been reasonably positive with the major surveys providing some level of reassurance about the eurozone growth momentum. September has seen some important corporate activity, most notably the Anheuser-Busch InBev and SABMiller Plc bid," Hodgkinson said.

Euronext — the operator of bourses in Paris, Amsterdam, Brussels, London and Lisbon — said that Sept 18 was the second-most active day of the year with trading of 18.1 billion euros.

Average daily transaction value for ETFs more than doubled to 614 million euros, compared with September 2014, the exchange operator said.

However, foreign exchange spot volumes in September were dull on the EBS platform, owned by Interdealer broker ICAP Plc.

An ICAP spokeswoman told Reuters that forex volatility remained low in the main trading currencies in September as markets remained tentative ahead of the Fed meeting and the lack of a catalyst given there was no rate increase.

The US Federal Reserve kept interest rates unchanged on Sept 17 in a bow to worries about the global economy, financial market volatility and sluggish inflation at home.

Average EBS volumes dropped to \$89.4 billion per day in September, down 11 percent from the previous month and 24 percent from a year ago, said ICAP, which matches buyers and sellers of bonds, swaps and currencies.



Director of Air France in Orly Pierre Plissonnier, nearly shirtless, tries to cross a fence, helped by security and police officers, after several hundred of employees invaded the officers of Air France, interrupting the meeting of the Central Committee (CCE) in Roissy-en-France, on Oct 5. Air France-KLM unveiled a revamped restructuring plan on Oct 5 that could lead to 2,900 job losses after pilots for the struggling airline refused to accept a proposal to work longer hours. (AFP)

## Staff storm meeting in job cut protests

## Workers attack Air France managers

**ROISSY, France, Oct 5, (RTRS):** Air France managers fled a meeting on Monday about mass job cuts after angry staff waving banners and flags stormed the room, according to Reuters journalists at the scene.

Television images showed airline human resources and labour relations chief Xavier Broseta being jostled, his shirt ripped off and his tie hanging from his neck, battling his way through crowds of workers as he sought to escape.

Broseta and Air France Chief Executive Frederic Gagey had been outlining a drastic cost cutting plan, described by the company as "Plan B" after failing to persuade its pilots to accept a

less radical one.

Violent protests by workers are commonplace in France, where the population has a long tradition of taking the law into its own hands. This year, as the country struggles to come out of an economic downturn, has seen many.

Traffic disruption, damage to public property and injuries to police officers have gone hand-in-hand with a spate of demonstrations by farmers, taxi drivers, ferry workers and even tobaccoists.

Air France CEO Gagey had already left the room before the works council meeting near Charles de Gaulle airport north of Paris was interrupted after about an hour.

Parent Air France-KLM said it planned to take legal action over "aggravated violence" carried out against its managers.

"This violence was carried out by particularly violent, isolated individuals, whereas the protest by striking personnel was taking place calmly up until then," a spokesman said.

Air France confirmed in the meeting, which will not resume on Monday, that it planned to cut 2,900 jobs by 2017 and shed 14 aircraft from its long-haul fleet, two union sources said.

## Long-haul

The cuts include 1,700 ground staff, 900 cabin crew and 300 pilots, the sources said. The long-haul business would be reduced by 10 percent.

The French airline also wants to cancel its order for Boeing 787 Dreamliner aircraft, the sources added. Air France-KLM has 19 787-9 and six 787-10 jets on order.

Industry sources said Boeing would be keen to keep the order on its books, possibly by agreeing to defer delivery.

Air France-KLM is seeking to cope with growing competition. It has been at loggerheads with its main pilots union, the SNPL, over its plans.

Europe's big three flag carriers, which also include British Airways owner IAG and Germany's Lufthansa, have been squeezed between low-cost competition inside Europe and fast-expanding long-haul airlines in the Gulf, as well as Turkish Airlines (THY).

Turkish Airlines is set to become the largest carrier on routes to and from Europe by the end of this year, ahead of British Airways, aircraft financiers gathered in Prague were told on Monday. Dubai's Emirates would be in third place.

## Focus on bailout

## Eurozone finmins 'confront' Greece

**LUXEMBOURG, Oct 5, (AFP):** Eurozone finance ministers on Monday met for the first time since Greek voters re-elected leftist premier Alexis Tsipras, who now faces the daunting task of implementing the country's cash-for-reforms bailout deal.

Returning as Greek finance minister is the discreet Euclid Tsakalotos who must hurry through a raft of reforms agreed in July in return for a 86-billion-euro (\$96-billion) rescue, the country's third in five years.

The three-year rescue package came after six months of acrimonious negotiations led by then-finance minister Yanis Varoufakis, who so angered his 18 eurozone counterparts that Greece was left on the cusp of a humiliating eviction from the single currency.

"Difficult decisions lie ahead," Prime Minister Tsipras warned lawmakers from his Syriza party on Saturday, launching a crucial week that sees a confidence vote in Greek parliament on Wednesday.

The challenge comes as the country is also struggling to cope with a huge influx of migrants and refugees fleeing civil war.

On returning to office on Sept 25, Tsipras pledged to "quickly implement" the terms of the EU bailout he initially rejected in an anti-austerity referendum in early July, confounding his European partners.

His U-turn at a dramatic summit shortly after split the Syriza party and forced Tsipras to step down, but he comfortably won re-election last month with a pledge to soften the impact of the bailout.

Tsipras also promised to win debt forgiveness, which Greece's eurozone partners have accepted in principle, though the talks to clinch a deal promise to be difficult.

## Wrap

"We need to quickly wrap (up) the first review, so that the indispensable discussion on the restructuring of the debt can begin," Tsipras said on Saturday.

"Our main goal is to exit as soon as possible the supervision and regain access to the foreign markets," he said.

The first review of whether Athens is abiding by the strict bailout programme agreed to pull Greece back from the brink of economic collapse is due later this month.

At stake for the new government will be the release of a new 3-billion-euro tranche of aid, a rescue of Greek banks and the talks on slashing debt.

Several European sources told AFP that the review would be delayed, but this was not seen as an immediate issue.

"It seems clear that this will be postponed, no date is fixed," a top European diplomat said.

Another source added: "The first review I presume will start in October but not finish in October."

The bailout includes provisions deeply opposed by Greeks such as reforming state pensions, tax increases on farmers, privatisations of state companies, and freeing up of closed markets like pharmacies.

In all, Greece's parliament will have to pass 15 reforms in October alone.

A European source said the recapitalisation of Greece's banks would be handled separately from the toughest part of the bailout review, which involves cutting pensions.

Up to 25 billion euros of Greece's bailout are earmarked for the recapitalisation of the banking sector.