Reliance ducks oil slump to post 12.5% profits rise

India's Reliance Industries posted expectation-beating quarterly profits Friday as earnings from its key refining and petrochemical operations offset the impact of a sharp fall in global oil prices.

The Mumbai-based energy firm owned by Mukesh Ambani, India's wealthiest man, also benefited from a near 50-percent drop in the cost of raw materials to post a 12.5 percent profit rise for the second quarter.

Reliance said in a statement that consolidated profit for the three months to September 30 soared to 67.20 billion rupees ($1.0 billion) from 59.72 billion rupees a year ago.

A survey of 12 analysts by Bloomberg had expected Reliance to report just a 2.4 percent rise in profits to 58.8 billion rupees.

Ambani, Reliance's chairman, said in the statement that the company's "refining business performance was notable".

He added that the petrochemicals side of the business saw "strong volume growth, product mix improvement and lower energy costs".

Reliance's gross refining margin — earnings from each barrel of crude — leapt nearly 28 percent to $10.60 in the quarter just ended from $8.3 a year ago.

It was up from $10.40 per barrel in the first quarter. (RTRS)

Nigeria defers plan to slash gas supply to Ghana

Nigeria has deferred a plan to slash gas exports to Ghana beginning Friday over an outstanding debt of $181 million, alleviating a threat that could have worsened electricity blackouts and caused another headache for the government.

The West African Gas Pipeline Company (WAGPCo) said it was "cautiously optimistic" that Nigeria's N-Gaz consortium would accept a payment plan by Ghana's power generation company, the Volta River Authority (VRA), after talks in Accra next week.

Ghana gets around 25 percent of its power through gas from Nigeria that flows through the pipeline via Benin and Togo and the threat by N-Gaz to reduce volumes by 70 percent would have raised the cost of supply.

The issue is sensitive for President John Mahama's government ahead of elections next year that are expected to be closely fought. The ruling party already faces an economy that has slowed sharply and power cuts that have angered voters.

Mahama has vowed to end the blackouts by the start of next year and his minister for power, Kwabena Donkor, has said he will resign if the problem has not been fixed by then. (RTRS)

Less poverty in continent but numbers remain stubbornly high

Africa slowdown should not stop infrastructure plans: World Bank

ACCRA, Oct 17, (Agencies): Africa should press ahead with plans to develop its transport and energy networks despite a recent slowdown in GDP growth because better infrastructure is key to long term development, the head of the World Bank said on Friday.

To that end, governments need to maintain macro-economic stability to attract capital that remains willing to commit to the continent even though investment in emerging markets is at its lowest level in around 35 years, said Jim Yong Kim.

Gross domestic product growth in sub-Saharan Africa in 2015 is expected to stand at 3.7 percent, its lowest level since 2009 and lower than the average growth rate of the last two decades, according to World Bank figures.

The continent's commodities producers, such as Ghana, have been especially hard hit by lower global prices and there is a real danger over-production, he said.

At the same time, a surge in Africa's population makes it imperative for countries to put their economies on a sound footing if they are going to absorb young people entering the labour market in the decades ahead.

"Right now we have to do everything we can to bring together the bankable (infrastructure) projects that even in a period of low growth will attract private investors," Kim told Reuters.

He singled out hydro-electric power as an area of particular opportunity.

"If governments move right now, quickly, in enacting the kinds of structural reforms they need to enact, the investments will continue to flow," he said, before the launch of a World Bank report on ending extreme poverty.

The Bank's Global Infrastructure Facility aims to promote private-public partnerships to mobilize private sector and institutional investor capital for big projects. But developing infrastructure can also be done relatively cheaply.

Kim cited the example of East Africa, where transport times along the road corridor that runs from Rwanda through Uganda to the Kenyan port of Mombasa were reduced by 50 percent when governments removed barriers to movement.

Governments can also play a role in investing in health, education and improving the business environment, since up to 95 percent of jobs in developing countries are created by the private sector, he said.

Poverty has slightly eased in sub-Saharan Africa in the past 20 years but the population boom means the numbers living in extreme conditions remains stubbornly high, a World Bank study showed Friday.

Almost half of the continent's population (43 percent) was living below the poverty line in 2012, defined as surviving on less than $1.90 a day. In 1990, it was 56 percent.

Strong economic growth has helped achieve advances in health and education, but the rapid rise in population has led to an increase in the overall number of extreme poor, the study says.

Poverty remains more deep-rooted in Africa than in any other continent. Some 388 million people were considered to be living in poverty in 2012 compared to 280 million two decades earlier.

Africa's population has grown from around 600 million in 1990 to over a billion in 2012 and will continue to grow to an estimated 1.6 billion by 2030, according to the African Development Bank.

Poverty figures mask wide disparities from country to country and also between urban and rural areas, the report shows, highlighting the difficulty of bringing together data from across the African continent. Ghana, where the report was launched by World Bank president Jim Yong Kim, is a success, having cut its poverty rate from 53 percent in 1991 to 21 percent in 2012.

Rwanda and Ethiopia have also made clear progress thanks to advances in agriculture, World Bank vice-president Makhtar Diop told AFP in an interview.

"Rwanda has done impressive work in hill terracing," Diop said, which had led to a doubling of the corn harvest and a 130-percent increase in the potato crop.

In a continent where 60-70 percent of people live in rural areas, "the growth rate in agriculture makes an enormous contribution to reducing poverty," said Diop, a Senegalese economist.

Other countries, including Tanzania and Senegal, have achieved success using a scheme pioneered in Brazil under which the state gives non-financial aid to the poorest families, for example in the form of free vaccines. Unsurprisingly, war and violence remain the principal obstacles to reducing poverty.

In Burundi, the proportion of people living under the poverty threshold went from 21 percent before the 1993-2006 civil war to 64 percent in 2007. But "there are fewer conflicts than before and they are changing in nature and are more local," Diop said.

The report also points to the "worrisome development" that people living in countries rich in resources such as oil, gold and diamonds are paying what it calls "a human development penalty".

Their life expectancy is 10 percent shorter on average, they are less literate, suffer higher levels of malnutrition and also experience more domestic violence.

The six countries where the inequality is greatest — Botswana, Lesotho, Namibia, South Africa, Swaziland and Zambia — are all situated in the south where diamond and mineral deposits are high.

The disparities in wealth can also be seen within countries — in Kenya, for example, 8,000 people hold almost two-thirds of the wealth.

Tanzania starts work on $10 bln port project backed by China, Oman

BAGAMOYO, Tanzania, Oct 17, (RTRS): Tanzania started construction work on a $10 billion port and special economic zone on Friday, a project backed by China and Oman that aims to transform the East African country into a regional trade and transport hub.

The port, which will be Tanzania's biggest, is being built at Bagamoyo, 75 kms (47 miles) north of Dar es Salaam — the commercial capital that is currently the site of the country's main port, which is operating beyond its capacity with limited space for expansion.

President Jakaya Kikwete attended a groundbreaking ceremony and said construction of phase I of the project would take three years. "The construction of the Bagamoyo port and a special economic zone is aimed at realising the government's goal of bringing about an industrial revolution in Tanzania," he said.

Government officials said the port would be able to handle mega-ships — with a container vessel size of 8,000 twenty-foot equivalent units (TEUs) — after the first phase was completed, with room for expansion.

The whole project including roads, railways and the economic zone is expected to take 10 years to complete, but it was unclear in how many phases it will be carried out.

The project is financially backed by China Merchants Holdings (International), China's largest port operator, and Oman's State General Reserve Fund. The Chinese firm will handle much of the construction work.

Tanzania is East Africa's second-biggest economy after Kenya, and cargo volumes at the existing Dar es Salaam port are expected to rise as much as 25 percent this year to 18 million tonnes.

The World Bank said last year that inefficiencies at Dar es Salaam cost Tanzania and its neighbours up to $2.6 billion a year.

The project would dwarf Kenya's port at Mombasa, east Africa's trade gateway about 300 kms (180 miles) to the north, and aims to capitalise on growth in a region seeking to exploit new oil and gas finds.

Jianhua Hu, executive vice-president of China Merchants Holdings, said implementation of the project marked "the most significant event" in Tanzania-China relations over the past four decades.

Move hurting poor growers

Rich nations spend $250b on farm subsidies: study

TORONTO, Oct 17, (RTRS): Rich nations are spending $250 billion annually subsidizing their agricultural sectors to the detriment of poor farmers as they artificially lower prices for some crops and block market access for growers from poor countries, a new study said.

Wealthy nations spend 20 times more on farm subsidies than the $12 billion they allocate to food aid and support for poor farmers annually, John McArthur, a senior fellow with the Brookings Institution, the think-tank which led the new research, said on Friday.

Japan spends 59 times as much supporting its own farmers than on food aid and nutrition support, while countries in the European Union spend 42 times as much and the United States spends 16 times as much, the Brookings Institution study said.

"There are a lot of ways countries can give artificial support for their own farmers, hurting farmers in Asian or African countries who could supply that (product) for better value," McArthur told the Thomson Reuters Foundation.

Subsidies from the 31 members of the Organization for Economic Cooperation and Development (OECD), a group of wealthy countries, included direct payments to farmers, trade barriers to food from poor countries, and mandates for biofuels, he said.

These supports for farmers in wealthy countries can hinder food production in developing states, by artificially allowing food to be sold on international markets below the cost of production, hindering access for unsubsidized growers.

This process, known as "dumping" in international trade, discourages poor farmers from investing in their operations or ramping up production as they cannot fairly compete with subsidized crops. This in turn hurts food security in poor countries.

But it is not only rich-world subsidies that hurt poor farmers. Countries in Africa and Asia also need to invest more in infrastructure, fertilizer and crop insurance to help growers reach their potential to feed the 795 million worldwide who don't have enough to eat.

Undernourishment in the developing world has been falling by roughly one percentage point every three years.

But to eliminate hunger entirely by 2030, in line with UN Sustainable Development Goals, the speed of hunger reduction needs to significantly accelerate, McArthur said.

In Africa, the continent hit hardest by a lack of food and poor crop yields, some countries, such as Ethiopia, Malawi and Ivory Coast, have made major progress in the last decade, he said.

Chinese firms want to build and finance California rail 'project'

Most ambitious infrastructure project in US

SAN FRANCISCO, Oct 17, (RTRS): A team of Chinese firms, along with the Export-Import Bank of China, wants to build and finance a large part of California's proposed 800-mile high-speed rail project.

The firms expressed their interest last month in a 23-page document sent to the California High-Speed Rail Authority. The authority asked private companies from around the globe to help shape the state's strategy to launch the first stage of its train line, considered the most ambitious infrastructure project in the United States.

Led by China Railway International, the Chinese team proposed it could provide big elements of the project, including design expertise, construction, equipment procurement, and rolling stock. It also proposed financing from the Export-Import Bank of China. By packaging large pieces of the high-speed rail line together, for delivery by a single contractor, the project's cost and construction timeline would be greatly reduced, the team proposed. "To the Chinese team, a relatively large-scale contract is proper and reasonable," said the letter, obtained by Reuters through a Public Records Act request.

California's high-speed rail line would run trains at speeds of up to 220 miles per hour between Los Angeles and San Francisco by 2029 and, later, expand to San Diego and Sacramento.

The United States is a key target for China's rail industry, even though policymakers have been split over the need for high-speed rail and some have taken a dim view of Chinese involvement. Last month, a unit of China's CRRC Corp , the world's biggest train maker by revenue, agreed to a deal to help build a high-speed link between Las Vegas and Los Angeles.

California still needs a large amount of funding to complete its rail line. About $13.2 billion of the estimated $68 billion has been raised through state and federal funds, plus a pledge of cap-and-trade proceeds, or funds paid by companies to offset carbon emissions.

The Chinese team proposed that under "appropriate loan conditions," the Export-Import Bank of China could "satisfy the financing needs of the project."

But the Chinese also warned that California should provide additional public financing and guarantee future project debt to appease uneasy investors.

"Due to the huge financing gap of the project, potential private investors and lenders may be cautious," the Chinese team wrote.

China has recently clinched contracts in Russia, the latest in an aggressive push to procure high-speed rail deals overseas. It faced hurdles in Mexico and Indonesia due to bureaucratic flip-flops in those countries.

This file photo shows the German car maker Volkswagen logo at a VW dealer in Berlin. The German transport authorities plan to order auto giant Volkswagen to recall 2.4 million diesel vehicles in Germany that are equipped with pollution-cheat ing software, a spokesman told AFP on Oct 15. (AFP)

Automaker hires anti-corruption exec as it deals with scandal

VW mulls cutting temporary workers

BERLIN, Oct 17, (Agencies): Volkswagen is considering a reduction in temporary workers as part of efforts to offset the cost of the emissions scandal, the car maker's works council said on Saturday.

A spokesman for the council, a grouping of labour representatives within the company, said it would support efforts to secure temporary jobs but was aware the company's board was discussing "different scenarios".

Volkswagen said in a statement that the outlook for its sales and employment levels were unpredictable, having on Friday reported lower September deliveries for its core autos division and the 12-brand group as a whole.

"If employment declines temporarily, shortened working hours will be a reasonable option," VW said, adding that the executive board was doing everything it could to secure jobs.

Reeling from the scandal over its rigging of diesel emissions, Volkswagen has said it will cut investment plans at its biggest division by 1 billion euros ($1.1 billion) a year.

Some analysts have said the scandal could cost Volkswagen as much as 35 billion euros ($40 billion) to cover vehicle refits, regulatory fines and lawsuits.

Citing unnamed government sources, daily Bild reported Chancellor Angela Merkel's office is looking into whether 6,000 Volkswagen temporary workers could be moved on to the government's "Kurzarbeit" short-time work programme.

The scheme allows companies to preserve jobs by reducing employees' hours when plant usage is low, with the government compensating workers for part of their lost wages.

The Federal Labour Office has ruled out the idea, already floated by Economy Minister Sigmar Gabriel, of including temporary workers in the plan, from which they would normally be excluded. But Berlin wants to be prepared for cost cuts at Volkswagen.

A government spokesman could not immediately be reached for comment.

Works council head Bernd Osterloh had said earlier this month it was not yet clear whether the emissions scandal would affect jobs over the medium to longer term. "At this point, there are no consequences for jobs, neither for core workers nor for temporary staff."

Meanwhile, Automaker Volkswagen is hiring a top anti-corruption manager from competitor Daimler as it struggles to clean up a scandal over cheating on US diesel emissions tests.

The company said Friday it would hire lawyer Christine Hohmann-Dennhardt as an executive on the company's top management body tasked with integrity and legal affairs effective from Jan. 1.

Before working for Daimler, Hohmann-Dennhardt, 65, served as a judge on Germany's Federal Constitutional Court and as justice minister in the state of Hesse in southwestern Germany.

Daimler said it was agreeing to release her from her contract as compliance executive in the interests of good corporate governance.

Mauritius to boost investment with offices in Europe, Asia

PORT LOUIS, Oct 17, (RTRS): Mauritius wants to boost slower investment flows and its economy by opening offices in Europe and Asia in the next six months to promote itself as a regional hub for finance, manufacturing and other businesses, its investment board said.

The island is pitching itself as a gateway to Africa, boasting the highest ranking on the continent in the World Bank's East of Doing Business list. It wants to draw in more Asian investment and boost traditional European links.

Foreign direct investment into Mauritius reached 14.1 billion rupees ($400 million) in 2014 but has slipped so far in 2015, reaching 4.76 billion rupees in the first six months.

"We should reach above 10 billion (rupees in 2015)," Ken Poonoosamy, managing director of the Board of Investment told Reuters, adding that 2014 numbers were "inflated a bit" because of several hotel acquisitions that year.

"People are looking at Mauritius as a services platform. The services sector is not really FDI intensive, but they are creating jobs," he said, adding Mauritius' attractions were a flat 15 percent tax rate and access to two African trade blocs.

To encourage investment, the board opened an office Paris in June and will open a London bureau before the end of the year, he said. It also plans an office in Switzerland.

An office in Johannesburg, aimed at building on a growing amount of South African business, opens in November.

In a bid to draw more firms and capital from Asia, the board is also setting up an office in New Delhi this year and one in Beijing was expected to launch in the first quarter of 2016.

The Mauritius economy has been recovering from the global financial crisis. But growth for 2015 has been revised down this year from 4.1 percent to 3.6 percent.

Mauritius is seeking to expand its financial services industry and manufacturing to broaden out from tourism and sugar production. The economic growth forecast for 2015 has been revised down this year from 4.1 percent to 3.6 percent.

The Indian Ocean island of Mauritius expects to attract 11 percent more tourists in 2015 than last year and aims for steady growth in future of 6 percent a year, the tourism minister said.

Charles Gaĺtan Xavier-Luc Duval, who is also deputy prime minister, told Reuters that a major focus was boosting numbers in the island's winter season, running from June to September, by drawing more visitors from India, China, Africa and Russia.

But he said Mauritius wanted an "orderly" increase in tourist numbers that did not compromise quality of service.

Venezuela raises its minimum wage 30%

CARACAS, Venezuela, Oct 17, (AP): Venezuelan President Nicolas Maduro is raising the country's minimum wage to help workers being clobbered by inflation economists say is likely the highest in the world.

The socialist president said Thursday night that he will increase the minimum wage by 30 percent. The measure will take effect on Nov. 1, a month before crucial parliamentary elections.

The state has not released official inflation data since last year. Maduro said Tuesday that inflation likely stood at 80 percent. The International Monetary Fund estimates it's closer to 200 percent. That's up from 68.5 percent in 2014.

The pay increase is the fourth this year, and takes Venezuela's minimum wage to around 9,649 bolivars a month. That's less than $15 at the black market rate widely used to set many prices.