EU imposes sales conditions on Russia's Gazprom

The European Union on Thursday imposed obligations on Russian state-owned energy giant Gazprom to improve the flow of gas at competitive prices in eastern EU nations, but did not fine the company.

EU Antitrust Commissioner Margrethe Vestager said Gazprom will have to ease its hold on the market there, giving consumers "an effective tool to make sure that the price they pay is competitive."

Following three years of legal action, the decision means Gazprom will have to remove restrictions on customers to resell gas across borders and improve gas flows to members like Bulgaria and the Baltic nations.

If Gazprom breaks any of the obligations, the EU can impose a fine of up to 10 percent of the company's global turnover.

The issue is important to Eastern European countries, which import most of their gas from Russia and are worried about the political leverage that gives Moscow. The European Commission says Gazprom has used that market dominance to obtain advantages on price and to control the pipelines through which its gas flows. (AP)

Canada blocks Chinese takeover of Aecon

Canada has blocked a proposed C$1.51 billion ($1.18 billion) takeover of construction company Aecon by a Chinese state builder on national security grounds, underscoring rising wariness of Chinese firms buying up assets in Western countries.

Aecon's takeover by overseas investment and financing arm of China Communications Construction Co Ltd was scheduled to close in February. But this was delayed after Canada extended a national security review.

The Canadian government has now ordered CCCC International Holding Ltd not to implement the proposed investment to protect national security, Canadian Innovation Minister Navdeep Bains said in a statement on Wednesday.

"Our government is open to international investment that creates jobs and increases prosperity, but not at the expense of national security," Bains said.

Canadian Prime Minister Justin Trudeau said earlier his government would closely monitor security issues when it decided whether to allow the deal, examining the implications for intellectual property protections. (RTRS)

Kremlin seeks to attract foreign investment amid sanctions

Delicate dance for businesses at Russia economic forum

SAINT PETERSBURG, May 24, (AFP): Amid sanctions, counter-sanctions, and trade wars, Western firms gathered at the Saint Petersburg economic forum will need to tread nimbly with Russia, as it seeks above all to attract foreign investment.

The annual event, often called the Russian Davos, used to serve as a window on a booming economy, but over the past five years has been a soap box allowing the Kremlin to let the world know it is open to investors despite tense relations with the West.

This year, French President Emmanuel Macron and Japanese Prime Minister Shinzo Abe will make an appearance at the three-day event beginning on Thursday.

This year's forum comes at a critical moment for Russia, which is just overcoming a recession triggered by US sanctions and a drop in oil prices in 2014.

Putin, who was re-elected in March, has put the development of the economy at the heart his fourth term in office, and aims to catapult the nation into the fifth-largest economy spot, from its current position in 12th place.

Tens of billions of dollars in investment will be needed, and despite rising oil prices Russia will not be able to muster that without foreign firms and investors.

However, the United States is stepping up its sanctions against Russia.

And Putin, who has set the objective of making Russia a top-five economic power before, has not changed his economic team to spur reforms that could unlock growth.

The International Monetary Fund noted this week that "Russia's convergence to advanced economy income levels has stalled and its weight in the global economy is shrinking".

Nevertheless Russia will strive to put its best foot forward at the forum.

Russian Finance Minister Anton Siluanov (left), International Monetary Fund (IMF) Managing Director Christine Lagarde (center), and Russian Central Bank Chief Elvira Nabiullina attend a panel discussion at the St Petersburg International Economic Forum in St Petersburg, Russia on May 24. (AP)

"The key message is expected to be that Russia remains open for foreign investment and business, despite the political noise, and that it is a country where money will be made in the coming years," said Chris Weafer, founder of the Macro Advisory consulting firm.

Among the major problems that Russia suffers is "a very poor international image and this often raises concerns about reputational risk for major investors" in addition to the direct impact of sanctions, he noted.

"Even though the economy has largely adjusted to 2014 sanctions, the escalation with the (latest measures) is now causing major challenges and makes it more difficult to attract investment," added Weafer.

Despite the strained international situation, the Saint Petersburg forum is still attracting more than 1,400 foreign companies from 70 countries.

Even if most US multinationals are staying away, others are showing their commitment to a nation of more than 140 million people into which foreign firms have poured billions in investment since the collapse of the Soviet Union in 1991. The chief executives of US aircraft maker Boeing, as well as the oil companies BP, Shell and Total are slated to attend.

Experts also point to the authorisation Russian authorities granted last month to the Franco-US oil and gas services firm Schlumberger to buy a stake in the nation's top oil drilling firm, Eurasia Drilling Company, as a signal that Russia is ready for business.

"It sends a clear message," said Weafer. "Putin wants to keep the door open for foreign companies because it is well understood that the economy needs both the capital and technical know-how of foreign companies."

Online sales surge 17.3 pct

UK retail sales rebound strongly in April

LONDON, May 24, (AFP): British retail sales jumped far more than expected in April, rebounding from a slump the previous month caused by "Beast from the East" freezing weather.

"The quantity bought in April increased by 1.6 percent as all sectors, excluding department stores, recovered from the declines seen in March" when sales slumped 1.1 percent, the Office for National Statistics (ONS) said in a statement.

Analysts' consensus forecast had been for a rebound of 0.7 percent in April.

Online sales meanwhile surged 17.3 percent in April from a year earlier, led by purchases of food and clothing, the ONS added.

Major British retailers are cutting store numbers as consumers increasingly move to online shopping.

Food-to-clothing retailer Marks and Spencer on Tuesday said it plans to expand a store-closure programme to more than one hundred.

British retail sales had meanwhile suffered in March as blasts of icy weather from Siberia engulfed Europe, while April's rebound boosted the pound which had fallen Wednesday on news of falling British inflation.

"This bounce for sterling contrasts with yesterday's decline and shows how the currency is currently trading on the release of every piece of economic data," said Hamish Muress, currency analyst at OFX.

Markets are closely studying such releases for clues regarding the timing of the next interest-rate hike from the Bank of England (BoE).

"After a stream of recent disappointing data and surveys, the April retail sales data provide some hope that the (UK) economy may be coming back to life after its marked first-quarter downturn which seems to have been only partly due to the severe weather," said Howard Archer, chief economic advisor to the EY ITEM Club.

He added that BoE policymakers are likely to view the retail data "with caution as they want to see sustained conclusive evidence that the economy is bouncing back significantly in the second quarter".

Earlier this month, the Bank of England left its key interest rate at 0.50 percent as it slashed the growth forecast for the British economy less than one year before Brexit.

The BoE's situation contrasts with the Federal Reserve, which is seen as being able to lift interest rates several times this year owing to a strengthening US economy and high inflation, in turn handing a boost to savers.

German consumers' mood shaded by uncertainty: GfK

FRANKFURT AM MAIN, May 24, (AFP): Confidence among German consumers is ebbing, a regular survey showed Thursday, although major geopolitical upsets have left Europe's largest economy mostly unruffled.

Pollsters GfK downgraded the June reading of their monthly barometer 0.1 points for the second month in a row, to 10.7.

Nevertheless, geopolitical dangers such as US President Donald Trump's decision to tear up of a deal designed to hold up Iran's pursuit of nuclear weapons "did not undermine the mood among consumers" this month, they found.

The German public remained optimistic about the future economic situation and their own income prospects, but were less keen on making big purchases, the survey revealed.

But "the course of the indicator since the beginning of the year shows consumers judge economic momentum in German could ebb somewhat," GfK said.

In hard figures, economic growth in Germany slowed to 0.3 percent in the first three months, according to preliminary figures from federal statistics authority Destatis.

Meanwhile, other indicators – including surveys of investor and business confidence and the purchasing managers' index – have fallen.

Germany enjoys "extremely good domestic conditions" for further growth, including low unemployment, rising salaries and low inflation, GfK noted.

But the country and its neighbours face geopolitical risks from the West's confrontation with Russia over the war in Syria, the US withdrawal from the Iran deal with related threats of sanctions against EU firms and the danger of a transatlantic trade conflict.

'Great day for America'

Trump signs bill easing US bank rules into law

WASHINGTON, May 24, (AP): President Donald Trump on Thursday signed into law a measure that loosens key restraints for banks imposed after the 2008 financial crisis and Great Recession. Savoring the legislative triumph, he called it "the next step in America's unprecedented economic comeback."

The Republican-crafted bill passed Congress on Tuesday with the help of some Democratic votes and allowed Trump to fulfill his campaign pledge of dismantling the landmark Dodd-Frank law. The 2010 law was enacted by President Barack Obama and Democrats in Congress in response to the crisis that brought millions of lost jobs and foreclosed homes.

Trump held a signing ceremony at the White House not long after announcing the cancellation of his planned June summit with North Korean leader Kim Jong Un.

The new law raises the threshold at which banks are deemed so big and plugged into the financial grid that if one were to fail it would cause major havoc. Such banks are subject to stricter capital and planning requirements.

Trump is gaining a major building block in his drive for business-friendly policy changes and easing of regulations that he says have stifled lending, economic growth and job creation.

"As a candidate, I pledged that we would rescue these community banks from Dodd-Frank, the disaster of Dodd-Frank, and now we are keeping that commitment," Trump said at the signing event in the Roosevelt Room.

Trump thanked the lawmakers at the event for playing a role in moving the legislation through the Senate and later the House. A lone Democrat also was there: Sen Heidi Heitkamp of North Dakota, among the 16 Democrats who voted for the legislation when it passed the Senate in March. Heitkamp, who won her seat six years ago by only 3,000 votes, is facing a tight re-election race in a state Trump easily carried in the 2016 presidential race.

The banking law also adds to Trump's marquee pro-business legislative achievement, the sweeping tax bill enacted late last year that deeply cut taxes for corporations and wealthy individuals and offered more modest reductions for most ordinary Americans.

The law makes a fivefold increase, to $250 billion, in the level of assets at which banks are deemed to pose a major threat if they fail. The change eases regulations and oversight on more than two dozen financial institutions, including BB&T Corp, SunTrust Banks, Fifth Third Bancorp and American Express. It was aimed at especially helping small and medium-sized banks, including community banks and credit unions.

"This is truly a great day for America, and a great day for small businesses and workers all over America," Trump said.

But critics say the likelihood of future taxpayer bailouts will be greater now that curbs have been eased. They point to increases in banks' lending and profits since Dodd-Frank's enactment in 2010 as debunking the assertion that excessive regulation of the banking industry is stifling growth.

Eventually, the exempted banks will no longer have to undergo an annual stress test conducted by the Federal Reserve. The test assesses whether a bank has a big enough capital buffer to survive an economic shock and keep on lending. The banks also will be excused from submitting plans called "living wills" that spell out how a bank would sell off assets or be liquidated in the event of failure so it wouldn't create chaos in the financial system.

Protests worldwide against US decision on auto import tariffs

Move could put global market into turmoil: Japanese minister

BEIJING, May 24, (AP): China, Japan and the European Union condemned Thursday the Trump administration's decision to launch an investigation into whether tariffs are needed on imports of vehicles and automotive parts into the United States.

President Donald Trump invoked a provision authorizing the president to restrict imports and impose unlimited tariffs on national security grounds.

The move is seen as an effort to gain a bargaining chip in stalled talks with Canada and Mexico over the North American Free Trade Agreement.

Mexico is the top exporter of passenger vehicles and light trucks to the US followed by Japan, Canada, Germany and South Korea, according to the Department of Commerce.

Japan's minister of Economy, Trade and Industry, Hiroshige Seko, said Japan, which accounts for about 40 percent of US vehicle imports, will continue to remind US officials that any trade measures must conform to the rules of the World Trade Organization.

If such a measure is taken, "it would be an extremely far-reaching trade sanction that would put the global market into turmoil," Seko said. "We are extremely concerned."

Germany's association of industry groups said auto tariffs would be a "provocation" and "another nasty blow to our economic relations" with the United States. The EU executive said it would be against the rules of global trade.

This file photo shows imported cars displayed at a showroom in Qingdao International Auto Mall in Qingdao in China's eastern Shandong province. China announced on May 22 that it would cut tariffs on auto imports from July 1, the latest sign of a thaw in trade frictions with the United States. (AFP)

In Beijing, Commerce Ministry spokesman Gao Feng told reporters that abusing national security provisions would "undermine the multilateral trade system and disrupt the order of international trade."

"China will pay close attention to the progress of the US investigation, conduct a comprehensive assessment of the possible impact and firmly defend our legitimate rights and interests," Gao told reporters at a news conference.

Japanese and European automakers did not issue individual comments but some referred to Global Automakers, based in Washington, an industry group of international automakers. Global Automakers Chief Executive John Bozzella said the move would merely hurt American consumers.

"The US auto industry is thriving and growing. Thirteen, soon to be 14 companies, produced nearly 12 million cars and trucks in America last year. To our knowledge, no one is asking for this protection.

This path leads inevitably to fewer choices and higher prices for cars and trucks in America," he said in a statement.

Last week Japan went to the World Trade Organization to warn of possible retaliation for tariffs on steel and aluminum, which Trump imposed in March.

Japan is the only major US ally that was not granted a temporary exemption from the tariffs. Japan estimates they will cost it about 50 billion yen ($450 million) a year.

China is a relatively minor player in the US auto import market, ranked 10th in dollar terms, but its massive car industry is eager to expand abroad. In auto parts exports to the US, China was ranked second last year.

A person familiar with the discussions said the president has suggested seeking new tariffs of 20 to 25 percent on automobile imports.

Critics fear other countries will retaliate with trade sanctions of their own and question whether the move would ever be effective given the lengthy review required and legal challenges ahead.

Macron wants to make France gateway to Europe for tech cos

PARIS, May 24, (AP): French President Emmanuel Macron called on tech leaders Thursday to invest in France, saying his innovation policies aim to make the country the gateway to Europe.

Speaking partly in English in front of CEOs and other leaders of the tech industry, Macron said "it's because France is changing like crazy that we can say that France is back and you could choose France."

He said his labor changes have boosted investment in the country over the past year. The changes, notably aimed at giving employers more flexibility to hire and fire, have prompted a series of strikes and street protests against what unions see as weakening workers' rights.

The speech at the Vivatech trade show in Paris comes a day after Macron met Facebook, Microsoft, Uber, IBM and other CEOs to discuss personal data protection and taxes, among other issues.

"I want to make France the country where we build, we think this world of innovation ... where tech and common good just advance and progress together," Macron said.

He also pushed for tougher EU regulations and a European digital tax. "Those who innovate in France, they pay taxes... We are decreasing these taxes. Fine. But it's not fair when somebody else pay no tax."

ECB warns against Italy's big-spending plans

FRANKFURT AM MAIN, May 24, (AFP): The European Central Bank said Thursday that Italy should stick to EU budget rules rather than pump up spending, warning that financial markets could punish the country's new government for recklessness.

"A loosening of the fiscal stance in high-debt countries could impact the fiscal outlook and, by extension, market sentiment" towards governments when they try to sell bonds, the ECB said in its biannual financial stability report.

Departing central bank Vice-President Vitor Constancio was more explicit, telling reporters "Italy should keep within the European rules regarding fiscal policy" because "it's in its own interest", according to Bloomberg News.

Italy is the third-largest economy in the eurozone and labours under a 2.3-trillion-euro ($2.7-trillion) government debt burden, 132 percent of its annual economic output.

That ratio is the highest of any EU nation aside from Greece, and more than double the official EU limit of 60 percent.

The country must turn to investors to refinance hundreds of billions of euros of its debt in the coming years, and could be forced to pay higher interest rates if markets are not convinced it has sound finances.

But a coalition deal between the anti-establishment populist Five Star Movement and eurosceptic League parties could see the budget deficit -- the amount the government outspends its income -- surge as it promises tax cuts, a monthly basic income and rollbacks to money-saving pension reforms.

For now, EU Economic Affairs Commissioner Pierre Moscovici saw Thursday a "fairly good sign" in Italian prime ministerial nominee Giuseppe Conte's openness to "dialogue" with the bloc's executive arm.

"I continue to believe Italy will remain a core country of the eurozone," he added.

Looking at the 19-nation eurozone more broadly, minutes from the ECB's April meeting released Thursday showed governors were convinced slower economic performance at the start of the year was temporary.

"The underlying growth momentum was on the whole assessed to remain intact," the minutes read.