Bank of Cyprus chief exec to depart in Sept

The chief executive of Cyprus' largest bank said Monday that he will quit his position in September after nearly six years to take up a "commercial opportunity" in the UK.

John Patrick Hourican, the CEO of Bank of Cyprus, said he leaves the bank in "its strongest capital position in living memory." He led its recovery from near-bankruptcy in 2013 when a banking crisis forced Cyprus to seek a rescue deal from international creditors.

Hourican said an indication of the bank's overall health is its high level of capital buffers and its 4.4 billion euros in excess liquidity. The bank's bad loans have been whittled down from 15 billion euros to 4.8 billion euros over six years.

He cited family matters as a key reason for his departure and said the bank's strong balance sheet is "a good moment" to consider his succession.

"Having spent six years of my life in Cyprus by the time September comes, I'm not sure I can commit much longer than that," said Hourican.

Hourican also oversaw the bank's crackdown on dubious accounts and depositors in a bid to clean up the country's image as a money-laundering haven, especially for Russian clients. (AP)

Philippines' budget secretary named cbank gov

Philippine President Rodrigo Duterte on Monday appointed his budget secretary as the governor of the Bangko Sentral ng Pilipinas. Budget Secretary Benjamin Diokno, 70, will complete the six-year term of central bank governor Nestor Espenilla, who died on Feb 23 of cancer.

"Yes" Executive Secretary Salvador Medialdea told reporters when asked to confirm if the president had named Diokno.

Diokno confirmed the appointment to Reuters.

Prior to his appointment as budget secretary, a position he also held under former president Joseph Estrada, Diokno served as senior advisor at the International Tax and Investment Center (ITIC), professional lecturer at the University of the Philippines School of Economics and Independent Director at the Asia United Bank among others.

Diokno holds a master's degree in public administration and master's degree in economics from the University of the Philippines, and a doctorate in economics from the Maxwell School of Citizenship and Public Affairs, Syracuse University in New York. Diokno assumes the position of central bank chief just as inflation has become less of a threat, thanks to easing fuel and food prices. (RTRS)

Chinese concessions in any deal likely to fall short of US demands for deep change

Easier for China to face tariffs than bend to US pressure

BEIJING, March 4, (RTRS): China will acknowledge concessions made in any trade deal with the United States for the sake of stabilising shaky relations, but is unlikely to yield to demands it alter its economic model even if faced with continued tariffs, many trade experts believe.

US President Donald Trump has warned he could walk away from a China deal if it were not good enough, even as his advisers touted "fantastic" progress towards an agreement to end a dispute that has put tit-for-tat tariffs on hundreds of billions of dollars worth of each others' goods.

Such optimism has taken a different shape in Beijing, where the delay on a once "hard" March 1 deadline for a US tariff hike reinforced views that Trump's appetite for tough measures has weakened as the 2020 presidential election draws closer and a strong US economy shows initial signs of flagging.

Chinese concessions in any deal are likely to fall short of US demands for deep change in the way the world's second-largest economy works.

Revamping decades of state planning will not happen overnight, Chinese experts argue.

And President Xi Jinping faces political realities at home, where being seen as kowtowing to Trump would be less palatable than navigating the near-term impact continued trade tensions might have on China's own slowing economy, they say.

One Chinese official told Reuters that China's domestic reform was a long-term process.

"If the United States carries out overall restrictions or pressure based on its own interests, China will not accept it," the official said.

Policies

Tu Xinquan, a trade expert at Beijing's University of International Business and Economics, said it would be difficult for Xi to agree to US demands that China revamp the role of state-owned enterprises and other core industrial policies.

Xi would likely be prepared to go as far as to give "visible, politically influential commitments" to Trump, such as to buy more American goods and improve protection of intellectual property rights (IPR).

The United States has long complained that Beijing has systematically obtained American companies' intellectual property through coercion and outright theft. But improving copyright and trademark enforcement is seen by hardliners in Washington as a practical and self-interested move for China, now that it has innovative companies of its own.

China verifiably cracking down on the more existential threat of forced technology transfer - which officials deny actually occurs - or substantially curbing the influence of state-owned companies in the economy is seen as less likely.

"The core features of the Chinese model - these issues will be left to the future," Tu said.

Sources have suggested that the two sides are getting closer to a deal that could roll back some tariffs and set forth agreements on structural issues in China's economic model, but that details of an enforcement mechanism to ensure Beijing follows through on policy pledges are still not set.

While no plans have been announced, there is widespread speculation in trade circles that Xi could travel to Trump's Mar-a-Lago resort in Florida to hammer out a final deal in late March, on the tail end of a planned trip to Europe.

Some in US diplomatic and business communities, concerned that Trump could rush into accepting weak Chinese commitments, have been for weeks referring, with mock grandiosity, to a possible deal as the "Mar-a-Lago Accord".

China's willingness to make smaller commitments is driven by a desire to stabilise US-China relations and prevent the trade dispute from spreading, which has become more salient as Washington pressures its allies to jettison cooperation with Chinese tech champions, including Huawei Technologies.

Control

"We are afraid this conflict will be extended to other areas, even affecting the relationship between China and the West. So we want to control it. Maybe not solve all the problems, but control it and calm it down," Tu said.

China hopes commitments to purchase more US goods, along with pledges to improve its reporting of subsidies at the World Trade Organization and IPR enforcement can clinch an interim deal, according to Chinese trade experts.

Trump has delayed the threatened hike in tariffs on some $200 billion in Chinese imports to 25 percent from 10 percent, which was due to kick-in on Friday.

US Trade Representative Robert Lighthizer has signalled that tariffs would remain an important tool to push China to address US concerns over Chinese industrial policies, saying in written testimony at Congressional hearings last week that trade issues with China were too serious to be resolved merely through stepped-up purchases.

Zhang Huanbo, a researcher at the China Centre for International Economic Exchanges (CCIEE), a well-connected think-tank in Beijing, said China would not agree to abolish subsidies but it would correct market-distorting subsidies so they were "in-line with WTO rules".

Xi, who fundamentally believes in a strong role for the state and the ruling Communist Party in the economy, does not want to, and cannot, quickly dismantle decades of state planning, political analysts say.

But he still has room to give the United States more market access in the service industry and for agricultural products.

Shi Yinhong, director of the Center for American Studies at Renmin University, said beyond those types of openings China had to attend to its "own basic dignity and authority".

More Japanese companies could leave UK over Brexit

PM May unveils $2.1bn fund for Brexit-backing towns

LONDON, March 4, (RTRS): More Japanese companies could relocate away from Britain in the coming months if the uncertainty around Brexit does not lift, the country's ambassador to Britain has told Sky News.

Koji Tsuruoka said many of Japan's 1,000 or so UK-based companies were now considering how to adapt to life after Brexit, but they needed to know how Britain will trade with the European Union in the future in order to make decisions.

"Most of these companies would like to expand their capacity. But they need to know about the UK-EU economic relationship," he said.

"These are all global companies and therefore they have other possibilities other than staying.

"They may relocate. Or they may combine or consolidate. But you can't make those decisions until you know what's going to happen next. This is very important."

Meanwhile, British Prime Minister Theresa May will on Monday set out plans for a 1.6-billion-pound ($2.11 billion) fund to help to boost economic growth in Brexit-supporting communities with ministers denying it was a bribe to win support for her EU exit deal.

The "Stronger Towns Fund", details of which appeared in newspapers last month, is seen by many as part of May's efforts to win support for her Brexit deal from opposition Labour lawmakers who represent areas, particularly in northern England that voted strongly in favour of leaving the European Union.

Britain is due to leave the bloc at the end of the month and May, whose exit deal with Brussels was rejected by a large majority of lawmakers in January, has promised parliament will get to vote on a revised deal by March 12.

The government said the fund would be targeted at places that had not shared fairly in the country's prosperity and would be used to create new jobs, help to train people and boost economic activity.

"Communities across the country voted for Brexit as an expression of their desire to see change; that must be a change for the better, with more opportunity and greater control," May said in a statement.

"These towns have a glorious heritage, huge potential and, with the right help, a bright future ahead of them."

The opposition Labour Party's finance spokesman, John McDonnell, said the fund was "Brexit bribery".

"This towns fund smacks of desperation from a government reduced to bribing Members of Parliament to vote for their damaging flagship Brexit legislation," he said in a statement.

However, Communities Secretary James Brokenshire said the money was not linked to support for the withdrawal agreement.

"This is funding is there regardless of the outcome," he told BBC radio when asked if the money was a bribe. Obviously we want to see a deal happening. But no, there is no conditionality in that sense."

One billion pounds has already been allocated, with more than half going to towns across the north of England. A further 600 million pounds will be available for communities around the country to bid for, the government said.

Critics said that the fund, when divided between a large of areas, would not provide individual towns with that much money, nor make up for what they had lost as a result of government cuts in recent years.

Brokenshire did not say how many towns would benefit but said the money could be "transformative".

"It can make that difference on creating the jobs, actually putting the skills in place and changing people's lives in a modern positive economy," he said.

Case law outdated and public opinion is changing

Leading UK charities seek legal clarity on 'ethical investments'

LONDON, March 4, (RTRS): Leading British charities and faith groups called on the government on Monday to review the law governing their investments to ensure they are ethically sound and do not contribute to climate change.

In an open letter to the government, a group of about 19 British charities and faith groups said they needed specific legal guidance on whether charities should invest in companies that contribute to climate change.

"It is now of real importance that charity law should be clarified in a way that acknowledges the need to align investment practice with the imperatives of responsibility to and for our global environment," Rowan Williams, a former archbishop of Canterbury said in a statement.

The signatories, which include the Joseph Rowntree Charitable Trust, the Ecumenical Council for Corporate Responsibility and Quakers in Britain, called for a legal ruling on whether charity trustees have a duty to ensure their investments support their aims and benefit society.

Investments are crucial for charities to bolster their finances but there is no regulatory requirement in Britain for them to have a responsible investment policy.

Case law on the issue is outdated and public opinion is changing amid growing awareness about the dangers of climate change, a draft of the letter sent to media organizations said.

"There is some confusion amongst charity trustees about how they marry their responsibilities to benefit the public and their objects and their responsibility to achieve financial returns," said Sian Ferguson, trust executive for three Sainsbury Family Charitable Trusts, a signatory of the letter.

British charities invested 92 billion pounds ($121 billion) in the 2015/16 financial year, up from 81 billion pounds the previous year, according to the National Council for Voluntary Organisations, the body that represents the sector and has backed the campaign.

These investments have come under increasing scrutiny amid a growing movement within the asset management industry to look beyond purely financial returns and consider the wider environmental and social impact of their investments.

For some investors, a more ethical approach might mean moving their money out of companies and funds they deem unethical, or actively engaging as a shareholder to change these companies from within. A 2018 report by Arabella Advisors said investors with $6.2 trillion in assets under management have committed to divest from fossil fuels, up from $5.2 trillion in the previous report in 2016.

British conservation charity the National Trust came under fire last year for investing in a fund with holdings in fossil fuel companies, despite warning of the dangers of climate change.

The Church of England, a registered charity, invested in the now defunct payday lender Wonga through a fund, having previously criticized the company.

"It is as if the sector has been sleepwalking a little bit around these issues," said Luke Fletcher, partner at specialist law firm Bates Wells Braithwaite, which drafted the letter. "Generally the public hold charities to a very high standard and expects a great deal from them ... Our view would be that the law and practise is somewhere out of step with public opinion."

Le Maire to present draft law

French tax on net giants could yield 500mn euros

PARIS, March 4, (RTRS): A three percent tax on the French revenue of large internet companies could yield 500 million euros per year, French Finance Minister Bruno Le Maire said on Sunday.

Le Maire told Le Parisien newspaper the tax is aimed at companies with worldwide digital revenue of at least 750 million and French revenue of more than 25 million euros.

He said the tax would target some 30 companies, mostly American, but also Chinese, German, Spanish and British, as well as one French firm and several firms with French origins that have been bought by foreign companies.

The paper listed Google, Amazon, Facebook and Apple (the four so-called "GAFA" companies) but also Uber, Airbnb, Booking and French online advertising specialist Criteo as targets. "A taxation system for the 21st century has to built on what has value today, and that is data," Le Maire said.

He added it is also a matter of fiscal justice, as the digital giants pay some 14 percentage points less tax than European small-and-medium sized companies.

Fairer taxes are a key demand of the "yellow vest" protests seen across France in the past three months.

Le Maire said the tax would target platform companies that earn a commission on putting companies in touch with customers. Companies selling their products on their own websites would not be targeted, such as French retailer Darty which sells TVs and washing machines via its website.

But companies such as Amazon earning money as a digital intermediary between a producer and a client would have to pay. The tax would also target the sales of personal data for advertising purposes.

In order to avoid penalising companies who already pay taxes in France, the amount paid will be deductible from pretax income, Le Maire said.

He will present a draft law to the cabinet on Wednesday before it is presented to parliament.

France has led a push for firms with significant digital revenue in the European Union to pay more tax at source, but has made little headway as Germany is cool to the idea, while member states with low corporate tax rates such as Luxembourg and Ireland firmly oppose the proposal.

In an interview with weekly Journal du Dimanche, Carrefour CEO Alexandre Bompard said it is high time to end the fiscal imbalance between brick-and-mortar firms like his and the US and Chinese internet platform companies.

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