Europe India Chamber of Commerce

Newsletter

Issue: 135 Volume: 14 January 2020

HAPPY NEW YEAR 2020 TO ALL OUR READERS

The New Year Is Not About Changing The Dates But Direction; It's Not About Changing The Calendar But Commitment; It's Not About Changing The Actions But Attitude; It's Not About Changing The Fruit But Faith, Force And Focus! May You Commit And Create The Best New Year Ever!

Government plans to invest $1.39 trillion in infrastructure to spur economy

Government will unveil a series of infrastructure projects this month as part of a plan to invest Rs 100 lakh crore ($1.39 trillion) in the sector over the next five years, the finance minister said on Saturday, in a push to improve the country's economy.

Nirmala Sitharaman's comments, as cited in local newspapers, followed data released on Friday that showed India's economic growth slowed to 4.5% in the July-September quarter - its weakest pace since 2013 - upping the pressure on Prime Minister Narendra Modi's government to speed reforms.

"A set of officers are looking into the pipeline of projects that can be readied so that once the fund is ready, it could be front-loaded on these projects," Sitharaman said at a business summit in Mumbai, the newspapers reported.

"That task is nearly completed. Before December 15, we will be able to announce front loading of at least ten projects," she said.

Modi came to power in 2014 on the promise to improve India's economy and boost foreign investments, but he has struggled to meet those aims due to a lack of structural reforms. Modi won a second term in May and has taken various measures since 2014 to spur growth, including cutting the corporate tax and speeding up privatisation of state-run firms.

But several economic indicators show domestic consumption is weak, and many economists expect the current slowdown could persist for another two years.

(Economic Times, 1/12/2019)

Import of wines, cars from EU may get cheaper

Wines & cars were among a bunch of a set of contentious issues where India was unwilling to lower import duties a few years ago, resulting in a deadlock.

The government is indicating flexibility in reducing import duties on wines & spirits and automobiles as part of the long-pending free trade agreement (FTA) with the European Union (EU).

The two products were among a bunch of a set of contentious issues where India was unwilling to lower import duties a few years ago, resulting in a deadlock.

But efforts have begun to resume dialogue on the Broad-based Trade and Investment Agreement (BTIA) in recent months with Prime Minister Narendra Modi flagging the issue with German chancellor Angela Merkel. This was followed by commerce and industry minister Piyush Goyal following it up with Merkel and also writing to Phil Hogan, the new EU trade commissioner, sources told TOI.

Goyal has publicly spoken about India's willingness to engage with the EU and even the US for a bilateral trade agreement.

India has made a pitch after it decided to stay away from the Regional Comprehensive Economic Partnership (RCEP) agreement — the mega trade block comprising China, Japan, Korea, the Asean countries, Australia and New Zealand.

After Brexit, India also proposes to push for a trade deal with the UK as it seeks greater market access for textiles and some farm products in European markets.

The thinking in the government is that a section of Indian consumers is looking to access quality products such as wine and a trade deal, while making it cheaper, will also not impact domestic producers. Similarly, in case of automobiles, the government is open to allowing a certain number of vehicles at lower duties, something that was discussed before talks collapsed six years ago.

At the same time, sources told TOI, the government is unwilling to engage in "non-trade" issues such as labour and environmental standards or go for a significant dilution of the intellectual property rights regime. These areas have proved to be a major sticking point in the past as EU is keen to negotiate to seek flexibility for its companies.

The BTIA has been in the pipeline since 2007, when negotiations began and were near conclusion in 2013 when talks collapsed over wines and spirits and auto duty cuts.

(Economic Times, 30/12/2019)

IMF says India in midst of significant economic slowdown, calls for urgent policy actions

India is now in the midst of a significant economic slowdown, the International Monetary Fund has said, urging the government to take urgent policy actions to address the current prolonged downturn. In its report released Monday, the IMF Directors noted that India's rapid economic expansion in recent years

has lifted millions of people out of poverty. However, in the first half of 2019, a combination of factors led to subdued economic growth in India.

"The issue in India currently is the growth slowdown. We still believe it is mostly cyclical, not structural… because of the financial sector issues, we think, the recovery will be not as quickly quick as we thought earlier. That's the main issue," Ranil Salgado, Mission Chief for India in the IMF Asia and Pacific Department told PTI in an interview as it released its annual staff report on India.

With risks to the outlook tilted to the downside, the IMF Directors called for continued sound macroeconomic management. They saw an opportunity with the strong mandate of the new government to reinvigorate the reform agenda to boost inclusive and sustainable growth, the report said. The staff report was done in August when the IMF was not fully aware of India's current economic slowdown.

"India is now in the midst of a significant economic slowdown," Salgado told reporters over phone. Growth in the second quarter of FY 2019/20 came in at a six-year low of 4.5 per cent (y/y), and the composition of growth indicates that private domestic demand expanded by only 1 per cent in the quarter. Most high-frequency indicators suggest that weak economic activity has continued into December, he said.

Salgado attributed this to the abrupt reduction in non-bank financial companies' (NBFC) credit expansion and the associated broad-based tightening of credit conditions appears to be an important factor and weak income growth, especially rural, has been affecting private consumption.

Private investment has been hindered by the financial sector difficulties (including in the public sector banks (PSBs)) and insufficient business confidence, he said. Some implementation issues with important and appropriate structural reforms, such as the nation-wide goods and services tax (GST), may also have played a role, he added.

Responding to a question, Salgado said that the new growth projections for India, which will come out in January, would be significantly lower than the previous ones. "By other measures, India still is doing well. Reserves have risen to record level. The current account deficit has narrowed. Inflation, although we have a little jump right now because of vegetable prices, we think (it) has been under control for the last few years. So, by other measures, India is doing quite well. The issue is primarily how to address the growth slowdown," Salgado said.

Responding to a question, he said that the IMF has been surprised on India's slowdown. But he responded in negative if this slowdown can be described as an economic crisis. "I think that would be going too far to say that. What we have seen is a growth slowdown. It may be longer than we had originally anticipated. But other elements like on the external side, on inflation, those are under controlled," he told PTI.

In the short term, he said, the most critical thing is carrying out reforms in the financial sector. "We have, what we used to call a twin balance sheet problem being in the commercial banks and corporate sector. Now we may add additional balance sheet issue, which is on the NDFs. I'm including housing

finance companies in that sector that as well. "So the most immediate thing would be to try to have some policies related to restoring the health of this sector," he said.

Some steps have already been meaning the improvements that should be soon in place in terms of regulation of the sector, there is more information related to the sector; the steps to have a process to its resolution by including them, at least initially in the IBC process.

"On that though, we think a more comprehensive financial sector resolution plan or act as needed. There were earlier thoughts in this area by the government and we think those should be pursued again,

because there are certain complications related to financial sector that don't necessarily work well in a simple kind of insolvency and bankruptcy code. It would be important to have a more comprehensive framework specifically for financial sector," the IMF official said.

Observing that early in the term is the time to push for structural reform, he said the current government in its first term carried out majority of its reforms early in the term. "It is also true globally that it is easier to pursue structural reforms in the first half of the term," Salgado said.

From the IMF perspective, these areas are labour, land, different product market reform, continuing to enhance competition and also pursuing some of the more medium to long term reforms such as in education and health, he said. Noting that the IMF believes that India has fiscal base at-risk, Salgado said that as a result New Delhi's ability to use a fiscal policy for stimulus is very limited. "India already has a relatively high general government deficits and general government debt," he added.

(Financial Express, 24/12/2019)

After dismal Q2 GDP growth, this massive investment push by govt may boost economy; here are plans

Days after Q2FY20 GDP growth rate falling to a new low, finance minister Nirmala Sitharmaan on Saturday said that the government will frontload investments worth Rs 100 lakh crore over a five-year period. The massive investment will see the government spending in ten infrastructure projects by December 10, 2019, ET Now reported citing Nirmala Sitharaman as saying at a media event. The GDP growth rate continued its downward spiral for the seventh consecutive quarter, falling to 4.5 per cent in the second quarter (July-September) of the year 2019-20.

Adding, the finance minister said that the government is also mulling rationalising GST rates. Even as Nirmala Sitharaman announced fresh plans to boost the sluggish economy, she held herself back committing on the fiscal deficit target of the government. The market may have to keep speculating for some more time on the target, she also said at the event. The fiscal deficit rose at Rs 3.66 lakh crore, or 52 per cent of the budgeted target in the first two months of FY20, official data showed on Friday. The fiscal deficit was 55.3 per cent of 2018-19 budget estimate in the year-ago period. A target of 3.4 per cent for fiscal 2019-20, the same as fiscal 2018-19 was set up by the government in the interim budget.

Meanwhile, Nirmala Sitharaman on Saturday defended the government's economic record in the last six months saying that various significant steps have been taken to boost the economy. Several significant steps in structural reforms have been taken in these months. Responses and interventions addressing

the needs of the economy will continue," Nirmala Sitharaman tweeted. She also hinted at the government announcing more reforms in the upcoming budget in the month of February.

(Financial Express, 1/12/2019)

With four labour codes, 2020 to be a 'year of reforms': Santosh Gangwar

Code on wages has already been approved by Parliament. The law would be implemented after framing rules under the code. The remaining three codes are sent to Parliamentary Standing Committee on Labour.

As many as 44 central labour laws are most likely to be subsumed under four labour codes in 2020, making it a year of reforms as the government works to bolster investments and tackle slowdown blues. Besides, the Union Labour Ministry is mulling launching a 'Santusht' portal next month for effective implementation of labour laws at the grass-root level. Entering 2020, the government hopes that India would be able to implement all four codes on wages, industrial relations, social security and occupational safety, health and working conditions. These are expected to improve ease of doing business and safeguard interest of workers.

"We hope that 2020 would be an year of labour reforms. The four codes would be a reality in 2020. The codes would safeguard the interest of workers and employers. We have tried to strike a balance between workers' as well employees' rights," Labour Minister Santosh Gangwar told PTI. The labour reforms assume significance in view of an over six-year-low gross domestic product (GDP) growth of 4.5 per cent in the second quarter of this fiscal. The retail inflation or consumer price index (CPI) hit 40-month high at 5.54 per cent in November.

"The process of labour reforms began after 2nd National Labour Commission gave its report in 2004. But the process was expedited in 2014 (when NDA government came in power at centre). "We introduced the four codes "We hope that 2020 would be an year of labour reforms. The four codes would be a reality in 2020. The codes would safeguard the interest of workers and employers. We have tried to strike a balance between workers' as well employees' rights," Labour Minister Santosh Gangwar told PTI. The labour reforms assume significance in view of an over six-year-low gross domestic product (GDP) growth of 4.5 per cent in the second quarter of this fiscal. The retail inflation or consumer price index (CPI) hit 40-month high at 5.54 per cent in November.

"The process of labour reforms began after 2nd National Labour Commission gave its report in 2004. But the process was expedited in 2014 (when NDA government came in power at centre). "We introduced the four codes in Lok Sabha after many tripartite meetings (taking unions and employers on board). Besides we sent all four codes for scrutiny by standing committee," the minister said. As per the recommendations of the 2nd National Commission on Labour, the ministry is codifying existing 44 central labour laws into four codes by simplifying, amalgamating and rationalising the relevant provisions of the legislations.

Code on wages has already been approved by Parliament. The law would be implemented after framing rules under the code. The remaining three codes are sent to Parliamentary Standing Committee on

Labour. "The Occupational Safety, Health and Working Conditions Code, 2019 was referred to standing committee in October this year. Earlier this month we also sent The Industrial Relations Code, 2019 and The Social Security Code to the committee for scrutiny to the panel," Gangwar said. However, the unions have been raising objections against certain amendments in the labour laws through codification of central legislations. The minister also said, "We going beyond codification of labour laws. In order to ensure effective implementation of labour laws at grass root level for workers as well as employers, we have planned a new portal ‘Santusht’.”

This portal is expected to be launched next month. There would an internal performance monitoring cell with five to six officers on it board at central level. It would monitor performance of social security bodies under the ministry – Employees’ Provident Fund Organisation (EPFO) and Employees’ State Insurance Corporation (ESIC), initially. There have been grievances of the subscribers of the two bodies as well as other workers on poor implementation of labour laws in the country. They faced issues like delay in settling claims by EPFO and ESIC. Some workers did not get minimum wages.

There are other issues related to poor implementation of labour laws in the country at grass root level which directly affect workers as well as employers. The ‘Santusht’ portal would not only monitor the work of different bodies and wings of the ministry implementing labour laws, but also give credit and discredit to officials responsible for keeping or not keeping quality of service on the mark. The portal would help the labour ministry to assess the performance of officials and would be given due weighage at the time of their appraisals, transfers and postings.

(PTI, 30/12/2019)

India is about competencies, business prospects; discovering new opportunities: Thales

Thales Chief Technology Officer Marko Erman said India is scientifically a very mature country with big ambitions and the company is increasing the number of people working in the country to explore more innovative activities.

Expanding its presence in India, which is an “interesting melting pot” of ideas, Thales Group is discovering new opportunities in the Indian market as it is about competencies as well as business prospects, according to a senior official.

Thales Chief Technology Officer Marko Erman said India is scientifically a very mature country with big ambitions and the company is increasing the number of people working in the country to explore more innovative activities.

The sprawling French Group, with interests in aeronautics, defence, space, transport, digital identity and security segments, already has more than 1,500 employees, including at its joint ventures, besides two engineering centres in India.

“India is very important for us. It is not just about competencies but also about the business prospects there. I think the pluses override the minuses.

“… the software, data competencies are very relevant. This has already contributed to the business… We have been increasing a lot. We are learning how to connect local forces to Thales. On the agenda is how do we expand our engineering,” Erman told PTI in an interview here.

Present in India for more than 65 years, Thales has been closely working with various Indian players, including Hindustan Aeronautics Ltd (HAL), Bharat Electronics Ltd (BEL) and L&T Technology Services.

"There is still room for expansion on that one (open source hardware). That is on the short term. With greater presence in India, we are also discovering new opportunities… We will add initiatives but will discover what makes more sense for our partners and our interests," he said.

Describing India as an "interesting melting pot" of ideas, Erman said Thales is spending time at the highest level of the management to learn more about the country as it then would be much easier to do business.

When asked about projects related to India, especially in the digital innovation space, Erman said Thales is in a phase of increasing its footprint in engineering and development in India.

"Part of it is in digital. It is a recognition of talent and importance of the country for Thales globally… India has a few places where there are strong open source hardware initiatives. This is a field we are entering into today. We are cooperating with one of the Indian Institute of Technology (IIT)," Erman noted.

Thales has been present in India since 1953. Its two engineering centres in India is spread across three locations — Noida and Gurgaon in the National Capital Region (NCR), and Bengaluru. The centre in NCR is focused on digital identity and security, while the one in Bengaluru, started in February 2019, is into defence, aerospace and transportation.

"We are increasing our engineering footprint, digital competencies… we are moving towards innovation-driven approach with India as well. We are increasing the number of Thales people working in India to explore more innovative activities," Erman said.

According to him, the engineering footprint is not just about using Indian talent but hopefully grabbing Indian ideas, Indian innovation as well. There are local innovations and would like to make these available for Thales as well as bring value to the country, he noted.

"This is a scientifically very mature country (India) with big ambitions," he said even as he added that the country is very different, the processes can be slow to its standards and "slow may be because we don't understand… that is on the difficult part".

"I think the perception of time in India is different from the perception of time in Europe. So, things might take time… Surely, it is a country different from the country we are born or working in," he emphasised.

On the positive side, India is open to many countries. Despite the gap in how different the countries are, India is open to Europe and is a kind of open market, he said.

The French group generated 19 billion euros in 2019 and had 80,000 employees across 80 countries.

(Financial Express, 1/12/2019)

What is hindering investment? World Bank says India still has long way to go on reforms

Rigid land and labor laws and protectionist trade policies are hindering investment in India even though the government has made strides in improving the ease of doing business, according to the World Bank.

It's going to take more than low corporate taxes to lure investors to India. Rigid land and labor laws and protectionist trade policies are hindering investment in India even though the government has made strides in improving the ease of doing business, according to the World Bank.

"What inhibits are restrictive regulations which affect its land, labor, logistics and also its policies which affect trade and goods and services," said Aaditya Mattoo, an economist with the World Bank and co-author of the World Development Report 2020 on global value chains. That's why the production that has relocated from China due to the trade war "has not gravitated toward India," he said in New Delhi on Tuesday.

India jumped 14 places to 63rd in the World Bank's latest rankings on ease of doing business, but logistics costs are still three times higher in India than in China and two times higher than in Bangladesh. With its 1.3 billion people, India is the biggest consumer market in Asia after China, yet businesses are overlooking India in favor of manufacturing powerhouses like Vietnam amid the trade war.

Companies operating in India have little flexibility in hiring and firing workers, while acquiring land is not easy. The labor laws are something Prime Minister Narendra Modi wants to address in new legislation as he ramps up reforms to bolster a slowing economy.

Mattoo said the trade war is weighing on growth prospects, and if increased global policy uncertainty curbs investment, India's income and exports would both decline by about 1 percentage point.

"There is a real risk that India could end up suffering from these trade tensions," he said. "The current tensions might thrust another 7 million people in India into poverty because of reduced investments globally and slowing trade growth."

(Financial Express, 4/12/2019)

OECD Predicts a Modest Economic Recovery in 2020

At a time when doomsday predictions of India's economy are a dime a dozen, the OECD has given a thumbs up to India's reform efforts of the recent past, suggesting that the sliding GDP growth would be arrested in 2020, though only just. In its country report for 2019, the group representing the developed world prescribes largescale reforms as the only solution for reverting to a high growth path.

Releasing the OECD Economic Survey of India 2019 in New Delhi, its Chief Economic Laurence Boone said, ""India is now well established as a growth champion and a major player in the global economy. However, this slower pace of growth underlines the need to fully implement existing reforms and continue lowering barriers to trade to generate the investment and jobs India needs to raise living standards across the country."

The report predicts that India's GDP would grow at 6.2 per cent and 6.4 per cent respectively during 2020-21 and 2021-22, which would be music to the ears of Finance Minister Nirmala Sitharaman, who

has been facing the brunt of criticism for her lacklustre efforts to drive up the economy which has floundered despite corporate rate cuts for the industry being notified. The general refrain has been that the government has reduced corporate taxes without increasing cash in the hands of the people who can spend it and give the economy a boost.

Though the survey ignores specifics, it says that India needs to take initiatives to address social challenges such as creating high-quality jobs while improving public services and welfare. While inflation has been under control, the latest uproar over spiralling onion prices have once again brought tears to the eyes of the common man.

Some of the areas that the OECD report on India's economic performance has highlighted include the following:

- Quality Jobs: The declining rate of employment is a major lowlight with the situation being worse for women. If they have jobs, it is more likely to be underpaid. The solution lies in simplifying the existing complex labour laws. Some of them dampen hiring as industrial firms grow. The report says that in a fast growing economy with well-educated young population, lack of formal employment and its benefits cuts deeply.

- Social welfare: While India has made some improvements in access to electricity, drinking water and rural roads, the state of basic amenities continues to remain poor. 100 million toilets have been built since October 2014, programs to reduce female infanticides and educate girls have been introduced, new income support scheme for farmers is being deliberated, however, public resources invested in health and education are low. The government needs to train more doctors, nurses and teachers in order to raise the wellbeing and productivity.

- Housing and urbanisation: While the government has taken initiatives to improve the state of housing in the country, the output hasn't been great. The housing shortages continue to grow, especially in the rural areas. Further urbanisation is going to worsen the situation. The problems do not end here. The houses which are accessible, are not affordable for the extreme poor. The government is aiming to provide housing for all by 2022. However, the government needs to take smarter actions to battle the situation. Moving to rental housing scheme could prove to be more lucrative and helpful for the majority of young and low-income work force.
- Climate: Needless to say, this stands as one of the most important concerns which several nations are fighting with. Many Indian cities are unhealthy in terms of air quality and global warming has already started showing its impact. The government needs to lower down the pollution level and more towards alternate sources of energy.

(CXO Today,6/12/2019)

How to boost 'Make in India'? Open services trade with others, even if others don't open up with you

Modernisation of India's regulations affecting services trade would contribute to the success of the Make in India initiative despite restrictions in its exports in partner markets.

High restrictions on services trade imposed by India and its trading partners are eventually hurting the country's overall growth as services are the key inputs for other sectors as well. The restrictions have a negative impact, in particular on manufacturing and more widely on income, says the Organisation for Economic Co-operation and Development (OECD) report. It also says that India would be the single largest beneficiary of a multilateral cut in services trade restrictions. Findings in the report suggest that modernisation of India's regulations affecting services trade would contribute to the success of the Make in India initiative despite restrictions in its exports in partner markets.

Though India's rank in Ease of Doing Business is improving over recent years, various bottlenecks still exist on the ground. It has recommended that the efforts to improve the quality and reliability of electricity provision, roads and ports should continue as addressing domestic structural bottlenecks is key to supporting India's competitiveness. The move is also poised to extend the developments from confined areas such as special economic zones to the rest of the country which would enhance India's competitiveness and attract investors.

Raising more tax revenue by removing the tax expenditures, freezing nominal personal income tax brackets and improving compliance, improving transparency on off-budget transactions and contingent liabilities, reducing the spread between administered rates on small savings and market rates to improve monetary policy transmission, and harmonising legislation on public procurement across the government are among the other recommendations from the OECD.

Meanwhile, India's services sector activity returned to growth in November, after two months of decline. The growth was largely driven by new business orders, faster job creation and strengthening business confidence. However, the signs of fragility were significantly visible. The IHS Markit India Services Business Activity Index improved to 52.7 in November from 49.2 in October.

(Financial Express, 7/12/2019)

UN climate change conference COP25 declares failure

The Conference of Parties to the UN summit on climate action (COP25) declared failure on Sunday, after failing to act on 2019 goals, parties to the conference made fresh call for action to mitigate climate change, and called for strengthened urgency for bridging the emission gaps in the new 2020 climate plans.

"COP25's final decision text "re-emphasises with serious concern the urgent need to address the significant gap between the aggregate effect of Parties' mitigation efforts in terms of global annual emissions of greenhouse gases by 2020 (…)", at the same time that it "stresses the urgency of enhanced ambition in order to ensure the highest possible mitigation and adaptation efforts by all Parties," reads the a text issued by the COP25 on Sunday morning.

The text, however, is vague in stating, "in light of climate urgency encourages parties to submit enhanced NDCs in 2020".

Negotiators failed to reach an outcome on carbon markets. In the final hours of negotiations, over 30 governments joined behind the San Jose Principles in an effort to preserve the integrity of carbon market rules and prevent loopholes and the ability for double-counting carbon credits.

Santiago network established to lead more work on implementation to minimize, avoid and recover from loss and damage. However, the final text is weaker than the previous version.

In term of finance, it "urges" scale up of support by developed countries and other Parties in a position to do so, as well as private and non-governmental organisations, funds and other stakeholders; but then only invites the Green Climate Fund (GCF) Board to continue providing resources for loss and damage, and invites it to take into account, within its mandate, the strategic work streams of the WIM executive committee.

Governments have failed to respond to the emergency of the climate crisis as the talks fell victim to major differences between countries that are proving hard to resolve.

Observers of the summit in Madrid held G20 countries – especially with the US, Brazil, Australia, Saudi Arabia – and major oil, gas and coal companies responsible for undermining the climate ambition and blocking the progress for better response to this global challenge.

Canada, Japan, China and India were also faulted for their complacency as they failed to support vulnerable nations in the face of brutal impacts and push for a more robust collective response in 2020.

The EU tried to play its role as bridge-builder between developing and developed countries. However, it will take a major diplomatic push and bigger leadership alliance to deliver substantial outcomes at COP26 in Glasgow.

The United Nations is expected to begin new work on the ocean and climate change and consider measures to strengthen mitigation and adaptation action, while also considering related climate change action on land.

According to the UN, the next 14 months are critical for global efforts to control greenhouse gas emissions, which hit a record high in 2018. Under the Paris Agreement, governments agreed to update their climate plans by 2020.

UN Secretary-General Antonio Guterres said he was "disappointed" by the results of a major UN climate summit in Madrid, calling it a missed opportunity to tackle the global warming crisis.

Guterres issued the statement as the COP25 concluded its marathon meeting voicing "the urgent need" for new carbon cutting commitments but falling well short of what was required.

"I am disappointed with the results of COP25," Guterres said. "The international community lost an important opportunity to show increased ambition on mitigation, adaptation and finance to tackle the climate crisis."

COP25 brought together representatives of nearly 200 countries to finalise implementation of the 2015 Paris Agreement to limit the rise in global temperatures to less than two degrees Celsius (3.6 Fahrenheit).

But the talks risked collapsing on Saturday after all-night negotiations left countries more divided than ever over on how to fight global warming and pay for its ravages.

Competing national interests proved insurmountable despite global calls for action in the face of extreme weather phenomena and increasingly dire warnings from climate scientists.

"We must not give up and I will not give up," Guterres said.

"I'm more determined than ever to work for 2020 to be the year in which all countries commit to do what science tells us is necessary to reach carbon neutrality in 2050 and a no more than 1.5-degree temperature rise.

(Domain-be, 16/12/2019)

EU chief doubts securing post-Brexit trade deal in 2020

European Commission chief Ursula von der Leyen has expressed "serious concern" over whether the bloc could conclude a post-Brexit trade deal with Britain within the 2020 deadline.

Britain is due to leave the European Union on January 31, but will remain in a transitional arrangement until the end of next year while negotiators debate future trade ties.

"I am very worried given the little time we have," von der Leyen told France''s Les Echos newspaper in an interview published Friday.

"It''s not only about negotiating a free trade deal but many other subjects. It seems to me that on both sides we must ask ourselves seriously if all these negotiations are feasible in such a short time," she said.

"I believe that it would be reasonable to review things in the middle of the year, if necessary to see if an extension is needed." Under the withdrawal agreement which Prime Minister Boris Johnson has agreed with Europe but not yet pushed through parliament, the UK could ask for a one or two year extension.

But Johnson, who won a comfortable majority in the UK general election this month, insists he will not ask for more time and is preparing legislation to forbid such a move.

In this case, negotiators will only have 11 months to conclude a trade agreement, a task that officials on both sides have warned is extremely ambitious.

And if 2020 comes to an end with no deal concluded, Britain will sever ties with the huge EU single market with no follow-on deal to protect jobs and trade on both sides.

EU''s chief Brexit negotiator Michel Barnier said earlier this week that drafting and ratifying a post-Brexit deal by next year was an "immense challenge but we will give it our all". (AFP) AMS AMS

(Outlook, 27/12/2019)
