

India seeks to woo German industry at Hanover Trade Fair

AFP, Hanover, Germany

A giant statue of an Indian elephant dominates the stand of German cable maker Lapp at this year's Hanover Fair, the world's largest industrial trade show, which opened Monday.

Stuttgart-based Lapp and a host of other German industrial companies are lining up to tap into the growth potential of India, Asia's third-biggest economy, which is the partner country of this year's fair and is eagerly wooing foreign investors to help modernise its industry.

The family-run firm, with a workforce of 3,200, has been active on the densely populated sub-continent since the mid-1990s, believing that its democratic structures, patent protection laws and wide use of English make it an easier market to crack than, say, China, a company spokesman told AFP.

India's Prime Minister Narendra Modi, on his first official visit to Germany this week, jointly opened the "Hannover Messe" with German Chancellor Angela Merkel.

"We will make it easy to make business in India," Modi told invited politicians, business leaders and exhibiting companies at the opening ceremony on Sunday evening.

"The opportunities we offer are huge. For people in India, Germany is a valued partner and symbol of technology, innovation, quality," Modi said.

For India, Asia's number three economy after China and Japan, Germany is already the most important trading partner in Europe. But for Germany, Europe's largest economy, India ranks just 25th on the list of countries it does business with.

Following a tour of the fair with Modi on Monday, Merkel acknowledged there was "still potential for German companies to grow in India".

In concrete terms, bilateral trade between the two countries amounted to 16 billion euros (\$16.9 billion) in 2014, with Germany exporting nearly 9.0 billion euros worth of goods to India.

The figure "could be increased sharply,"



REUTERS

Volkswagen Chief Executive Martin Winterkorn, left, speaks as German Chancellor Angela Merkel shakes hands with a VW India worker, right, trained in Germany as Indian Prime Minister Narendra Modi, centre, listens at the world's largest industrial technology fair, the Hannover Messe, in Hanover yesterday.

according to the BDI German industry federation.

For now, chemicals and machine tools make up the lion's share of trade between the two countries. Germany also exports electrical goods to India, and imports textiles from the sub-continent.

"For German companies, there's massive potential in sectors such as energy, environment, medicine, IT and services," said Volker Treier, responsible for foreign trade at Germany's DIHK federation of chambers of commerce.

Modi's promises of economic growth, job creation, regulatory and fiscal reform and infrastructure development could provide the necessary trigger to whet

German companies' appetite for the Indian market.

As part of a massive campaign to find new investors, New Delhi has come up with the slogan "Make in India".

With other emerging economies such as China and Brazil already well saturated and dwindling investment opportunities in Russia, India is beginning to awaken investors' interest.

DIHK estimates that German exports to India could grow by more than 10 percent after declining in recent years.

"One of the main stumbling blocks for German companies is the lack of infrastructure," not only in energy, but also in roads, rail and shipping, BDI said.

Power supply was frequently unreliable, bureaucracy was heavy and there were also customs barriers, said DIHK.

But for Erich Nesselhauf of Daimler Commercial Vehicles India, it was primarily a question of being able to adapt.

"It's not any more complicated than in Germany, just different," he said.

Daimler chief executive Dieter Zetsche is one of the many business leaders who was set to meet Modi during the PM's visit to Germany.

And the carmaker has invested 750 million euros in assembling trucks in India, with primarily India-made parts, since 2012 and more recently buses, under the brand name "BharatBenz".

Foreign stock investors like Indonesia, but love Philippines

REUTERS, Manila

Net foreign purchases of Philippine shares jumped to \$1.1 billion in January-to-March, the highest for any quarter in almost three years and more than twice the net volume of funds flowing into Southeast Asia's biggest economy Indonesia.

Government stimulus programmes in Japan and Europe have unleashed a global flood of liquidity. Investors have flocked to the Philippines, drawn by strong corporate earnings, analysts say. The broad market index in Manila has clocked 27 record finishes so far this year. The benchmark has also been boosted by the increased weighting of the country in the MSCI Emerging Markets and MSCI Asia ex-Japan indexes in February.

"We see lots of funds coming into Asia, and particularly, in the Philippines. That's why index shares are being pushed up," Rafael Algarra, executive vice president of Security Bank Corp's treasury division, told Reuters. In contrast, Indonesia and Vietnam posted \$416 million and \$18 million in net foreign stock buying, respectively. Thailand recorded \$260.02 million in net selling, Reuters data shows.

Foreign funds are enticed by the outlook for the consumption-driven Philippine economy versus those of its neighbours, said Michaelangelo Oyson, president of the securities arm of Bank of the Philippine Islands. The big winners in the first quarter included snacks and beverage maker Universal Robina Corp, and conglomerates LT Group Inc and GT Capital Holdings Inc, both of which own consumer goods businesses, Oyson said.

The biggest risk is a US interest rate hike, which could lead to capital outflows from emerging markets. In mid-2013, the Philippine benchmark index slumped 20 percent in just a month after then-Fed Chairman Ben Bernanke hinted at a possible tapering of US policy easing. The event was one of a series of "taper tantrums". Analysts say some investors will still be drawn to the country's strong domestic spending and fundamentals. "While a taper tantrum-like event may again happen globally once rates start to rise, hopefully these factors mitigate some of that risk, or allow the Philippines to re-adjust more quickly," Philippine Stock Exchange President Hans Sicat told Reuters.

Airports report record passenger numbers



REUTERS

A Virgin Atlantic aircraft comes in to land at Heathrow Airport.

BBC News

Rival airports Heathrow and Gatwick - both vying to be the site of a new runway - have reported record passenger numbers for March.

Gatwick said passenger numbers stood at 3 million in the month, a 9.2 percent rise on the same month a year ago.

Heathrow airport also reported a record 5.95 million passengers in March, a 3.4 percent rise on a year earlier.

Both airports are awaiting the outcome of the Airports Commission review of airport capacity in the south east.

The Commission says there is a need for an additional airport runway in the south east by 2030. It is expected to release the findings of its work after the general election.

It has shortlisted three proposals: a third runway at Heathrow, lengthening an existing runway at Heathrow and a second runway at Gatwick.

Gatwick said it now expects to serve more than 40 million passengers next year, more than a decade ahead of the Department for Transport's (DfT) 2013 forecast.

It added 250,000 more passengers travelled through Gatwick in March compared with 2014. It said passenger growth was the result of more air traffic

movements per hour and larger aircraft being used on average across the airlines.

Long-haul traffic grew by 7.4 percent, Gatwick said, with Dubai the biggest growth route seeing passenger numbers increase by 14.7 percent.

European scheduled services increased by 12.1 percent, the airport added, with Barcelona the biggest growth destination and Geneva the biggest destination in terms of passenger numbers across the whole network.

Meanwhile, Heathrow reported a 26.5 percent rise in passengers to Mexico in March. It said passenger numbers were up 20.2 percent to China and the Middle East & Central Asia saw an increase of 7.6 percent in the month.

Passenger numbers to North America were up 6 percent in March compared with the same month a year ago.

Gatwick chief executive Stuart Wingate told BBC Radio 4's Today programme the airport's latest passenger numbers proved its case for a second runway.

"Already we find ourselves as the world's busiest single runway airport by some margin," Wingate said.

"Gatwick is approaching being full and Heathrow is full," Wingate said.

He added: "We need to choose a runway solution that is deliverable. Gatwick is the only option that is deliverable."

Taiwan rejected from China-led Asia bank 'due to name'

BBC NEWS

The Chinese government has said Taiwan will not be a member of a new regional bank, but would be welcome in the future under a different name.

China is leading the set-up of the Asian Infrastructure Investment Bank, a project opposed by the US.

Taiwan, which split from China in 1949, wanted to join the bank as an independent nation.

But China regards Taiwan as part of its territory and was expected to reject any move which suggested otherwise.

Taiwan's government has reportedly said it will continue to press the case for its inclusion. The bank was created in October with 21 members.

Ma Xiaoguang, a spokesman for China's State Council Taiwan Affairs Office, confirmed a recent report that Taiwan would not be a member.

He said that the bank "is open and inclusive, and welcomes Taiwan to join under an appropriate name", and added that they would be "open to suggestions from all sides".

A report by Taiwan's Central News Agency quoted a spokesman for the executive branch of Taiwan's government as saying that Taiwan should join the AIIB "under the principle fairness and equality".

Taiwan's parliamentary speaker Wang Jin-pyng also said that Taiwan will now seek to become an ordinary member of the bank, instead of a founding member.

He added that the government would not accept anything less than calling Taiwan "Chinese Taipei" - the name under which Taiwan is referred to by the International Olympic Committee.

China's influence over AIIB a concern ahead of founders' meeting



REUTERS/FILE

China's Premier Li Keqiang, right, meets Indonesia's President Joko Widodo, left, in Beijing on March 27. Under a proposed shareholding structure, China could have outsized influence over the Beijing-backed development bank.

REUTERS, Tokyo/New Delhi

CHINA could have outsized influence over a new Beijing-backed international development bank under a proposed shareholding structure likely to be discussed at a meeting of member nations in Washington this week, sources say.

The group will meet on the sidelines of the annual meetings of the International Monetary Fund and World Bank in the US capital, said an Indian government official familiar with the plan. India was one of the first nations to join the new bank.

China has proposed that Asian nations own three-quarters of the Asian Infrastructure Investment Bank (AIIB), a larger overall stake than would be warranted were ownership decided by economic weightings alone, given European heavyweights Germany, France, Britain and Italy are also members.

Each Asian member will then be allotted a share of that 75 percent quota based on their economic size, two Japanese sources said - a formula that would guarantee China the largest single voice inside the bank.

China has outlined details of the bank to Japan in an effort to get Tokyo to sign up, the sources said. However, Tokyo remains non-committal due to its close relationship with the United States, which has urged nations to be wary of the AIIB.

"Looking at GDP-based contribu-

tions, if the No. 1 and No. 3 (the United States and Japan) aren't in, then China will have an overwhelmingly large quota and voice," said one Japanese official. "No country would be able to challenge China. If Japan were in, it would have considerable influence."

China's finance ministry did not immediately respond to a request for comment.

The United States had earlier cautioned nations about joining the bank, citing what it called a lack of transparency and doubts about lending and environmental safeguards, and how much influence Beijing would wield.

But its major allies - Britain, France, Germany, Australia and South Korea - signed up anyway.

Jin Liqun, secretary-general of China's interim secretariat which is establishing the AIIB, said at a forum in Singapore on Saturday that although China would have the biggest share in the bank, it would not dominate its operations.

"AIIB is a bank, not a political organisation or political alliance," Jin was quoted as saying by China's official Xinhua news agency. He said the AIIB would be "clean, lean and green".

China has said it will announce the AIIB's list of founder members on Wednesday, but it is not clear if the shareholding structure will also be finalised this week.

The Indian official said Asia's

total ownership would be between 70 and 75 percent depending on whether Japan joined or not.

A detailed method of determining the breakdown of national shareholdings had yet to be decided, though it could be based on a country's nominal gross domestic product or its GDP calculated on a purchasing-power-parity basis, or a mixture of the two. Purchasing power parity would give more weight to developing nations than to rich economies such as Japan.

The AIIB has drawn applications from more than 50 nations from Asia, Europe and the Middle East despite US misgivings.

Beijing says it will not hold veto power inside the AIIB, unlike the World Bank where Washington has a limited veto.

Beijing has also said a board of governors will control the operations of the new bank. Founder members will initially pay up to one-fifth of the AIIB's \$50 billion authorised capital, which will eventually be raised to \$100 billion.

Brazil, Russia, India, China and South Africa will also hold a meeting in Washington this week to iron out details of another international development bank, the \$100 billion BRICS bank launched last year, officials in Brasilia and Moscow said.

"The idea is that everything will be ready for 2016," said an official in Brasilia, adding that governance issues will be taken up in Washington.