New rules to boost India shipping fleet; may dent foreign shippers

REUTERS, *New Delhi/Singapore*

INDIAN state-owned firms may have to give half their freight business to local shippers to help rescue an industry battered by the global commodities downturn.

The cabinet could as early as next month consider making it mandatory for state-owned oil, steel, coal and fertiliser importers to route at least half of their cargoes through local shippers as part of a broader agenda of Prime Minister Narendra Modi to shore up and protect the ailing sector, a government source said.

New Delhi is proposing importers sign 5-year contracts with local shipping firms in a move designed to shift freight worth billions of dollars to Indian flag carriers and help boost fleet companies like Shipping Corp of India (SCI), Mercator Ltd, Great Eastern Shipping Co and Essar Shipping.

Shares of shipping firms jumped as much as 12 percent on Wednesday in a falling stock market. In 2013-14, India paid about $57 billion in freight payments to foreign firms. "We have already received comments from the related ministries on this proposal ... we hope next month the cabinet will consider this proposal," the source said, adding the 5-year contracts would help firms raise funds to expand their fleets.

India's Shipping Minister Nitin Gadkari was not immediately available to comment.

India's total international trade increased by more than 230 percent between 2000 and 2014, to 811 million tonnes last year, according to shipping ministry data, but domestic shippers saw their trade rise by just 26 percent as they were edged out by international firms able to offer lower rates and quicker turnaround times.

The share of Indian trade carried by domestic firms sank to below 9 percent last year from more than a third in 1990, prompting concern about the industry's long-term viability.

REUTERS/FILE

Fishing trawlers are seen in front of the Jawaharlal Nehru Port Trust in Mumbai, India.

The proposed measures are designed to reverse that decline and encourage investment and expansion.

"There is no incentive in the present shipping environment to buy vessels ... a grant of a 5-year commitment will be good for the industry and provide a comfort level to the lenders," said A.K. Gupta, chairman of SCI, the country's biggest ship operator.

Assured employability will encourage operators to increase Indian tonnage, and linking freight to international benchmarks "will be a 'win-win' for shipping companies, charterers and lenders," he told Reuters.

"Asset prices are at their lowest and this is a good time for Indian industry to invest," said Anil Devli, Chief Executive of the Indian National Shipowners' Association (INSA).

A key part of the new proposal is to link the freight rates charged under the contracts to global benchmarks such as Clarksons and World Scale in order to bring greater transparency to rate setting and avoid local shippers setting up cartels.

The move fits Modi's 'Make-in-India' push toward creating skilled jobs for millions of young Indians.

"As more Indian ships start participating in the regular carriage of Indian imports, other ancillary industries such as bunkering, ship repair and even ship building will grow," Devli said. Most foreign-flag vessels calling on Indian ports bunker, or re-fuel, in Singapore or Khor Fakkan in the United Arab Emirates, and don't hire Indian seafarers, Devli said.

"As of now, the (Indian) fleet is not enough to meet our requirements, but the shipping ministry has said companies will raise funds on the back of 5-year contracts to buy more vessels," said a person at Indian Oil Corp, which hires about 250 vessels each year for its crude oil imports.

Major international shippers who have increased trade into India over the past decade stand to potentially lose out if the new measures are implemented.

Non-domestic shippers carrying Indian freight include Frontline Ltd, Navig8 Chemical Tankers Inc, Hyundai Merchant Marine Co Ltd, Olympic Shipping, BW LPG and Avance Gas Holding, crude buyers and shipping sources told Reuters.

"Any increase in the reservation of cargo for national fleets is a cause of concern because it reduces the volume of cargo available for free traders, such as many Greek or Hong Kong shipowners," said Arthur Bowring, managing director of the Hong Kong Shipowners' Association.

Yet the robust growth rates in economic activity and overall international trade should continue to make India an attractive market for most international carriers, sources in the industry said.

Tech funding surging despite bubble fears: survey

AFP, *Washington*

Investors poured increasing amounts of cash into startups in the third quarter, defying fears of a bubble in the tech sector, a survey showed Wednesday.

A total of 1,799 venture-backed startups around the world pulled in $37.6 billion in funding in the quarter, the highest since 2001, according to the survey by CB Insights and KPMG.

The vast majority of the funding -- 77 percent in the quarter -- went to technology startups, according to the report. The largest other segment was health care, including digital health startups, taking in 12 percent.

Venture funding so far this year has hit $98.4 billion, already eclipsing the 2014 total of $88.7 billion and double the amount of 2013.

But the survey did find some signs of cooling of tech investment fever.

A large share of the funds went to mega-deals of $100 million or more, and the money flowing into early-stage or "seed" funding fell for a fifth consecutive quarter.

Ten of the deals topped $500 million and more than 60 deals drew in excess of $100 million, according to the survey, with large startups such as Uber and Airbnb eschewing initial public offerings.

Only 23 percent of the funding went to early-stage deals, the lowest level in five quarters.

"Today, there are more late stage deals and fewer IPO exits than in years past," the report said. "This may be affecting the availability of cash for seed investment."

The cash flow has led to accelerating growth in the number of billion-dollar startups, which have become known as "unicorns."

A total of 23 unicorns were created in the past quarter -- 17 in the United States -- bring the total to 58 so far this year. According to CB Insights, there are 104 unicorns worldwide with a combined valuation of $503 billion.

The North America region drew the lion's share of venture funding in the quarter at $20.3 billion, while Asian-based startups took in $13.5 billion and European firms $3.6 billion, the report showed.

Some of the big Asian investments went to Chinese transport startup Didi Kuaidi, Shanghai food delivery group Ele.me and India's ecommerce firm Snapdeal. Notable startups in Europe pulling in cash in the past quarter include France's carsharing Blablacar and German food prep group Hellofresh.

By sector, Internet and mobile communications represented the bulk of venture-backed investments, accounting for 67 percent of all deals in the quarter.

Vietnam government to sell $3b of shares in major firms

AFP, *Hanoi*

The Vietnamese government will sell its stakes in companies ranging from a dairy giant to an insurance firm in a move worth up to $3 billion, state media said Wednesday, boosting the communist nation's privatisation drive.

Growth in the Southeast Asian country has been bucking the regional trend with GDP rising to 6.81 percent in the third quarter, backed by strong exports and the service sector.

Vietnam is in the process of easing business regulations as part of its long-running privatisation drive and the newly-announced plans will remove its hold over several major companies.

On Wednesday Thanh Nien newspaper said the government would "obtain up to $3 billion by pulling out capital from 10 enterprises" including dairy giant Vinamilk, the leading Bao Minh Insurance Corporation and FPT Telecom.

The majority of this sum would come from Vinamilk -- the most successful dairy company in Vietnam -- according to the state-run publication, which cited a decision signed last week by Deputy Prime Minister Vu Van Ninh.

Senior economist Le Dang Doanh told AFP that the sales "will help accelerate the process of privatisation of public enterprises".

GULF DIGITAL NEWS

Robert Webb, *right*, Etihad Airways' chief information and technology officer, and other senior officials of the airline celebrate the signing of an IT deal with IBM. The Abu Dhabi-based Etihad said Tuesday it has signed a 10-year technology services agreement worth approximately $700 million with IBM. The deal will provide Etihad with access to the latest cloud-based technologies and services. It includes plans for a new cloud data centre in Abu Dhabi.

Germany trims 2015 growth outlook

AFP, *Berlin*

The German government Wednesday slightly trimmed its 2015 growth forecast due to the slowdown in emerging economies, but said domestic consumption would likely more than offset the external weakness.

Output growth was now expected to reach 1.7 percent for 2015, and 1.8 percent for 2016, said Economy Minister Sigmar Gabriel, who six months ago had predicted growth for both years at 1.8 percent.

Gabriel said the German economy was expected to power ahead as strong domestic consumption outweighs "gloomier global growth outlook due to slowing growth in China and in raw materials-rich emerging countries".

However, "the biggest challenge for Germany is the high numbers of refugees migrating here from crisis zones," said Gabriel, who is also vice chancellor.

"Given the coming winter, these people must be quickly given humane lodgings" and be integrated into society, he said.

"On this, investments in education and training are key," said Gabriel.

Germany is expecting to host between 800,000 and 1 million new arrivals this year, and local authorities are struggling to cope with the sudden surge.

But the government has said its economy is solid enough to absorb the newcomers.

China inflation eases in Sept

AFP, *Beijing*

China's consumer inflation fell in September, official figures showed Wednesday, underlining sagging sentiment as growth slows in the world's second-largest economy and adding to calls for further stimulus.

Chinese expansion slowed to its lowest rate in nearly a quarter of a century in 2014 and has continued to weaken this year with demand remaining subdued.

The country's consumer price index (CPI) -- a main gauge of inflation -- rose 1.6 year-on-year in September, the National Bureau of Statistics said, less than August's 2.0 percent.

The producer price index (PPI), which measures the cost of goods at the factory gate, fell 5.9 percent year-on-year in September, matching August's figure, which was a six-year low.

Juggling work, home most critical issue for G20 women

REUTERS, *Seoul*

KOOK Seung-hyun, pregnant and working full-time in Seoul, must juggle three demanding roles to meet the traditional family expectations and financial realities of modern Korea.

"Korean women have to worry not only about household chores and childcare but bread-winning. That's so sad," said the 30-year-old financial consultant, one of many women in the G20 who cite balancing home and work as their major workplace challenge.

A poll of more than 9,500 women by the Thomson Reuters Foundation and The Rockefeller Foundation found work-life balance was the top work issue concerning women, flagged by 44 percent.

Women in Russia and four of five Asian countries in the G20 - South Korea, India, China and Japan - said it was the most challenging issue they faced in the workplace.

Women in a fifth Asian nation, Indonesia, said flexible working was their major concern in the poll released on Tuesday.

Kook said as a soon-to-be working mother, she is worried about negotiating the fine line between family obligations and a job that requires long hours with little flexibility.

"If women can't resettle, then we can get a bad performance review, then it can negatively affect promotion, then we are pushed to quit the job. It is a vicious cycle," Kook told the Thomson Reuters Foundation.

She and her husband need two salaries to meet the high costs of living in South Korea's capital, she added.

Cultural expectations, a shortage of affordable, quality childcare and a lack of flexible working hours are largely to blame for women feeling torn, experts say.

Work-life balance must be addressed if G20 leaders are to meet their target of reducing the gap in labour force participation rates between men and women by 25 percent by 2025.

This would bring more than 100 million women into the workforce, the G20 said at last year's meeting in Brisbane.

Russia, straddling Europe and Asia, topped the G20 list when it came to voicing concerns over work-life balance, with 60 percent of women citing it as the major issue at work in the survey conducted by international polling firm Ipsos MORI.

In India, it was 57 percent of women, followed by South Korea at 51 percent, China at 48 percent and Japan 39 percent.

In Indonesia 41 percent of women ranked flexible working as the key challenge with 40 percent signaling work-life balance.

"India, South Korea, China and Indonesia - each country has high expectations of women even if they're working women or women running a business," said Véronique Salze-Lozac'h, chief economist at the Asia Foundation.

"They are the main caretakers for children, but also sometimes for their parents or the parents of their spouse. There is a lot of demand on the time and energy of women in these countries."

Figures from the Organisation for Economic Co-operation and Development (OECD) show that employees in South Korea and Japan work some of the longest hours.

An added source of stress for women in some Asian nations is the expectation that they should coach their children through school and exams and are responsible for their children's success in highly competitive environments, experts said.

With one of highest female employment rates in the world, China is often held up as a model for women in Asia.

In 2014, 70 percent of China's women were in the workforce, compared with 55 percent in South Korea and 27 percent in India, OECD data shows.

A quarter of China's entrepreneurs are women, according to the Asia Foundation, and half of the world's female billionaires who made their own fortunes are Chinese, the Hurun Report says.

Yet many women, especially among China's 269 million migrant workers, are forced to sacrifice family life to earn an income.

"If you look at some of these women who have been migrating from their village to big towns where they have factories, they very often have to leave their children behind to be taken care of by the grandparents," said Salze-Lozac'h.

Dongfang Fu, who is married with two small children, said taking time to care for her family put her at a disadvantage.

"They will blame you for not making money. You will be devalued and discarded," said Fu, 30, from Ningbo, in China's eastern Zhejiang province.

A few initiatives are being introduced as business leaders recognise the need to keep women in the workforce, particularly in economies with falling birth rates and aging populations.

For example, Unilever India is one of the multinationals to have introduced on-site creches for its staff.

There are signs the culture in Japan is changing too, says Deborah Gillis, chief executive officer of Catalyst, a research and advisory group focusing on women and business.

Gillis, who recently visited Japan, said one business leader there spoke of dropping a policy of providing staff who work early or late with breakfast and dinner.

"This policy, however well-intentioned it may have been, was reinforcing those long hours and face time norms that was inconsistent with the company's values in creating a workplace where women could be successful," she said.