

# Apple, India wrangle over import tax on mobile parts

REUTERS, New Delhi

APPLE Inc has asked India to defer a planned increase in import taxes on mobile phone parts so it can expand its iPhone manufacturing in the country, but the government is unlikely to accede, people familiar with the matter said.

Prime Minister Narendra Modi's "Make in India" drive to boost domestic manufacturing.

While India's government has been keen to get Apple to manufacture in India as a showpiece investment, it has told the US firm there would be no policy exemptions, so there will be no tax breaks on parts imports, the people said.

"Apple wants duty-free imports of components. India

either Modi's office or the Ministry of Electronics and Information Technology, which is trying to help build an electronics manufacturing base.

The disagreement could be a stumbling block, and risks delaying Apple's plans to penetrate the Indian market, where it currently just assembles its iPhone SE model. Despite a boom in smartphone sales in India, Apple's

components are imported.

To change that scenario, India imposes a 10 percent tax on imported components such as batteries, chargers and headsets.

Under a "phased manufacturing program" (PMP), the government plans to extend the taxes to more components as a way of nudging parts makers to switch to more local production.

"It's been a chicken-and-egg problem for component suppliers whether to set up manufacturing operations in India," said Neil Shah, a director at Counterpoint. "Apple and its partners will eventually have to comply, otherwise Apple will always price its products at a premium."

A previously unreported note prepared by India's IT ministry assessing Apple's demands showed the company sought an exemption from PMP, which the ministry said "may not be feasible".

Some of Apple's other demands - including capital equipment incentives as well as allowing importing and then exporting phones after repairs - would require policy changes, according to the note.

While the government has publicly said it is still considering Apple's demands, the people familiar with the talks said it has made clear it won't make any special concessions.

"We have told them, please come and invest but we cannot do things that go beyond our policies. We cannot do things only for you," said one senior government official with direct knowledge of the matter. "They are coming around (to our view)."

Apple has said it would be able to create 5,000-10,000 jobs in India as and when it expands there, the official said.

# After Brexit, UK aims for trade deal with EU that tops Canada pact

REUTERS, London

BRITAIN is aiming to secure a comprehensive free trade deal with the European Union and wants it to be signed shortly after it leaves the bloc in 2019, Brexit minister David Davis said on Sunday.

After securing an initial agreement on Friday to move Brexit talks to a second phase, Prime Minister Theresa May is keen to start discussing future ties with the EU, and especially the type of trading agreement to try to offer greater certainty for businesses.

But despite Davis striking a confident tone, EU officials say they will only launch negotiations on a legally binding treaty after Britain leaves and becomes a "third country", according to draft negotiating guidelines.

"It's not that complicated, it comes right back to the alignment point ... We start in full alignment, we start in complete convergence so we can work it out from there," Davis told the BBC's Andrew Marr show.

"The thing is how we manage divergence so it doesn't undercut the access to the market," he said, describing his preferred deal as "Canada plus plus plus".

The EU has been considering a post-Brexit free trade deal with Britain along the lines of one agreed last year with Canada.

But the UK economy is nearly twice the size of Canada's and British officials have

said that their current alignment with EU standards and much closer trading links with the continent give them scope for an even deeper relationship.

May has been hailed by many in her deeply divided Conservative party for rescuing the agreement to unlock the Brexit talks by offering EU member Ireland and her allies in Northern Ireland a pledge to avoid any return of a hard border.

By playing with the wording, May agreed that if the two sides failed to agree an overall Brexit deal, the United Kingdom would keep "full alignment" with those rules of the EU's single market that help cooperation between Ireland's north and south.

Davis described the commitment as more of a "statement of intent" than a legally binding measure -- something that might reassure headline Brexit campaigners who fear that it could imply that Britain was leaving the EU in name only.

Despite last week's progress, May will enjoy little respite. The second phase of talks is expected to expose the rifts in her top team of ministers over what Britain should look like once it leaves the EU.

On Saturday, environment minister Michael Gove, a Brexit campaigner, opened up the possibility of changing the terms of any agreement with the EU after Brexit if Britons felt that the deal had not reflected their demands to "take back control".



An iPhone is seen on display at a kiosk at an Apple reseller store in Mumbai.

REUTERS

for months, seeking "pre-requisites" - government tax breaks and incentives - for expanding its operations in one of the world's fastest-growing smartphone markets.

During those talks, Apple has conveyed it wants India to defer an existing policy that plans to levy taxes on more imported mobile components in line with

wants indigenization," said one person with direct knowledge of the talks.

Apple has expressed willingness to increase local value addition over time, but has stuck to its demand for immediate import tax relief to expand its iPhone manufacturing, the person added.

Apple declined to comment, and there was no response from

market share is only around 2 percent.

Apple has demanded the tax relief as India still lacks an ideal ecosystem for parts makers to thrive. Counterpoint Research data shows that while more than three-quarters of smartphones sold in India are made locally, about 90 percent of the \$14 billion worth of mobile



An anti-Brexit protestor flies flags near the Houses of Parliament in London.

REUTERS

# Blowing bubbles: Boom and bust from bulbs to bitcoin

AFP, Tokyo

VIRTUAL currency Bitcoin -- or "digital gold" to its fans -- has enjoyed a gravity-defying rise along with wild price swings, sparking fears it could be the latest financial market "bubble."

Bitcoin was worth just a few US cents when it began life in 2009 and last week changed hands for a staggering \$17,000 despite having no central bank backing and no legal exchange rate.

Here are some of the most wild speculative bubbles in history -- ranging from tulips to teddy bears:

At the beginning of the 17th century, exotic tulips became the ultimate luxury accessory and status symbol for rich and poor alike.

People mortgaged houses and sold businesses just to buy a bulb. At one point, a single tulip bulb fetched up to \$150,000 at today's prices.

With prices rising to more than 100 times the average annual income, bulbs were being traded for land, livestock and houses -- a rare bulb was even considered an acceptable dowry for a bride.

During what is commonly viewed as the first speculative bubble, rumours were deliberately spread to influence prices and there were reports of skullduggery such as training animals to dig up tulip fields.

The bubble burst in 1637 after a disappointing turn-out to a tulip auction in Haarlem. Prices plunged, banks failed and people lost their life savings -- all for a pretty flower.

In the mid-1980s, the Japanese econ-

omy ruled the world. Its high-quality, technologically advanced products dominated export markets and everything seemed to be "made in Japan."

Fuelled by this success -- and ultra-loose monetary policy -- Japan's Nikkei index tripled between 1985 and 1989 and Japanese firms were worth nearly half of the entire world's corporate sector.

With all this money sloshing around and credit cheap and easy to obtain, speculators piled into real estate and prices exploded. At the height of the boom, it was said the Imperial Palace in central Tokyo was worth the same as the whole of California.

Government policies aimed at deflat-

ing the bubble ended up pricking it violently. The stock market plummeted and house prices went through the floor, ruining millions.

The bust ushered in what economists called a "lost decade" of economic stagnation and deflation, the effects of which are still being felt today.

The internet and tech boom of the late 1990s resulted in some "dot.com" companies being valued at billions of dollars despite not having made a cent in profits.

Young internet tycoons became millionaires overnight as investors piled into any company with a dot.com domain name in the belief the web had upended the rules of business.

At the height of the boom came the AOL-Time Warner merger, at the time the biggest in corporate history.

The boom prompted then Federal Reserve Chairman Alan Greenspan to warn about "irrational exuberance" in asset prices, widely seen as a warning about the dot.com bubble.

Funding dried up as it became clear many internet companies held wildly inflated valuation based on pie-in-the-sky profit forecasts.

Thousands of internet companies bit the dust and investors lost trillions of dollars as the tech-heavy NASDAQ market spiralled downwards.

The subprime boom-and-bust of the late 2000s was based on extremely complex financial instruments that "sliced and diced" risky mortgage assets and bundled them together.

Banks and mortgage lenders offered credit to uncreditworthy homeowners in the belief that by packaging these loans together, the risks could be reduced.

The financial wizardry fuelled a housing market boom as speculators snapped up houses they never intended to live in to build up their "collateralised" portfolio.

The bust came when investors realised that the flip-side of packaging risk together was that they could not tell where the bad loans were lurking.

The subprime-fuelled housing boom turned to bust and prices plunged, with millions of families losing their homes.

The stock market crashed, unemployment ballooned and the US banking system buckled to the point of implosion, with Lehman Brothers collapsing in 2008.



A man feeds money into a Bitcoin ATM at the Bitcoin Centre NYC in New York.

REUTERS/FILE

# Uber's London licence battle set for May/June

AFP, London

Uber's appeal against losing its licence in London will be heard in May or June next year, a court determined Monday.

London's transport authority said in September that it would not renew the ride-hailing company's licence to operate in the British capital owing to public safety concerns.

Transport for London claims that the conduct of Uber, which has about 40,000 drivers and 3.5 million customers in the city, had raised concerns.

Parties for Uber and TfL appeared at Westminster Magistrates Court in London for a case management hearing on Monday.

A full appeal hearing is expected to take place in either May or June next year, said England's Chief Magistrate Emma Arbuthnot. The date is yet to be set.

Uber can continue to operate in London pending the appeal. Hearings will be held on December 19 and 20 to decide whether the GMB trade union and the Licensed Taxi Drivers' Association can have formal participation in the case.

The way Uber reports serious criminal offences and obtains criminal record checks for its drivers contributed to TfL's decision. The smartphone app has said it is "determined to make things right in London".



A man uses Uber app on a mobile phone in London.

REUTERS/FILE

# India favours petcoke import ban, US would be biggest loser

REUTERS, New Delhi

India's government is in favour of banning imports of petroleum coke to curb air pollution, according to a government affidavit filed with its top court, which could be a big blow to US refiners who export heavily to the country.

The Supreme Court, which in October banned the use of petroleum coke in and around New Delhi in a bid to clean the air in one of the world's most polluted cities on Monday deferred a scheduled hearing on a case on its use across the country to Wednesday.

of petroleum coke, better known as petcoke, which is a dark solid carbon material that emits 11 percent more greenhouse gases than coal, according to the Carnegie-Tsinghua Centre for Global Policy.

Burning it also emits several times more sulphur dioxide, which causes lung diseases and acid rain. Local producers include Indian Oil Corp, Reliance Industries and Bharat Petroleum Corp.

The oil ministry has also told the Supreme Court that petcoke should only be used as feedstock, like in the cement industry, and not as fuel.

# Hong Kong fund tells Toshiba that chip unit sale to Bain group not necessary

REUTERS, Tokyo

A Hong Kong-based activist investor in Toshiba Corp has told the embattled conglomerate that the \$18 billion sale of its chip unit to a Bain Capital-led group is no longer necessary after its recent capital injection, according to a letter seen by Reuters.

Argyle Street Management Ltd, a hedge fund with \$1.2 billion under management, sent the letter to Toshiba's board late on Monday, the fund's chief investment officer, Kin Chan, told Reuters. The fund declined to say how many Toshiba shares it owns.

The first activist shareholder to openly voice opposition to the sale, Argyle is inviting the 30-plus overseas investors who participated in Toshiba's recent 600 billion yen (\$5.3 billion) new share issue to team up and is already in talks with at least three funds who share the same view, Chan said.

Toshiba agreed to sell Toshiba Memory - the world's no. 2 producer of NAND chips - to the Bain consortium to cover billions of dollars in liabilities arising from its now bankrupt U.S. nuclear power unit Westinghouse.

In order to ensure its listing status, however, Toshiba also secured a \$5.4 billion cash injection

from overseas funds this month, which with tax write-offs gives it sufficient funds to cover its liabilities.

Argyle believes "there no longer is any urgency to undertake a sale of Toshiba Memory," it said in the letter, which proposed a meeting with Toshiba's board in either December or January.

The \$18 billion price tag for the chip unit "significantly undervalues the business," the letter said, adding that the board should consider instead an IPO for Toshiba Memory.

Representatives for Toshiba and Bain were not immediately available for comment.