

Italy's League sees euro collapse without ECB bond guarantee



ROME (Reuters) – The economic spokesman of Italy's ruling League party warned on Monday that unless the European Central Bank offers a guarantee to cap yield spreads in the euro zone, the euro will collapse.

"The situation can't be resolved, and it is going to explode," Claudio Borghi told Reuters after Italian, Spanish and Portuguese government bond yields rose in the wake of the financial turmoil in Turkish markets.

Borghi said the ECB should guarantee that yield spreads between euro zone government bonds not exceed a certain level, suggesting 150 basis points between the yields of any two sovereign bonds as a reasonable maximum.

"Either the ECB offers a guarantee or the euro will be

dismantled,” said Borghi, who is president of the lower house budget committee.

The extra yield that investors demand for holding Italian bonds over top-rated German ones rose to its highest since late May earlier on Monday, briefly rising above 280 basis points before easing back to around 275.

A former trader and managing director at Deutsche Bank, Borghi said he expected those now selling peripheral euro zone debt would “end up losing out” because sooner or later the ECB would be forced to issue the guarantee he is calling for.

He said the fact that contagion from Turkey was pushing up yields in several euro zone countries showed that Italy’s domestic political and economic situation was not the main reason for market pressure on its stocks and bonds in recent days.

Safe-haven German Bund yields fell to a one-month low, but Spanish and Portuguese bond yields were dragged higher by their Italian peers and the broader sentiment going against market assets seen as carrying greater risk.

Italy’s 10-year yield at one point reached a two-month high at 3.109 percent, heading towards levels seen in late May when a political crisis triggered a huge sell-off in Italian debt.

The right-wing League has governed since June with the anti-establishment 5-Star Movement, eventually forming a coalition among former rivals following an inconclusive March election.

Ahead of the election, the League had called for Italy to exit the euro, but since forging its alliance with 5-Star it has repeatedly denied any suggestion that it is planning to orchestrate Italy’s exit from the single currency.

Reporting by Gavin Jones; Editing by Hugh Lawson
Our Standards: The Thomson Reuters Trust Principles.

GE is said to ready \$1.5bn sale of power-conversion unit



Bloomberg New York General Electric Co is working with bankers on a possible sale of its power-conversion business, people familiar with the matter said, as the fallen manufacturer attempts to regain its footing by slimming down. The unit formerly known as Converteam could fetch about \$1.5bn, below the \$3.2bn GE paid for the assets in 2011, said the people, who asked not to be identified as the matter isn't public. Credit Suisse Group AG is working with GE on the sale process, which could begin as soon as next month and isn't guaranteed to lead to a transaction, the people said. The advisers are likely to approach private equity firms and companies such as Caterpillar Inc, Schneider Electric SE and ABB Ltd, the people said. GE will consider all options and could opt to keep the business, which is known for making oil-rig motors.

Representatives of GE, Credit Suisse, Schneider and ABB declined to comment. Representatives for Caterpillar didn't respond to requests for comment. A deal would deepen GE chief executive officer John Flannery's efforts to streamline the conglomerate, which is reeling from cash-flow challenges and a power-market slump. He has already agreed to unload the century-old locomotive business, while also promising to spin off the health unit and sell GE's majority stake in oilfield-equipment maker Baker Hughes. GE fell 26% this year through Thursday, following a 45% plunge in 2017. The slump, which has wiped out \$167bn in investor wealth since the beginning of last year, prompted GE's recent expulsion from the Dow Jones Industrial Average. The power-conversion unit builds motors, generators and automation controls for industries such as marine transportation and oil and gas. A sale would further unwind the sprawling version of GE pushed by former CEO Jeffrey Immelt, who stepped down last year. During his 16-year tenure, Immelt built a sizeable oil equipment business, started a digital division, expanded the health unit and bought power assets such as Converteam – all of which are being divested or shrunk under Flannery. While GE is keeping its power, renewable energy and aviation divisions under Flannery's recovery plan, the CEO is still looking to prune unwanted pieces. The company agreed in June to sell its industrial gas-engine business to Advent International for \$3.25bn.

Germany says Trump's tariffs and sanctions destroy jobs,

growth



Reuters/Berlin

German Economy Minister Peter Altmaier has sharply criticised US President Donald Trump's tariffs and sanctions policies, saying such measures were destroying jobs and growth and that Europe would not bow to US pressure regarding Iran.

The United States has triggered a bitter tit-for-tat trade dispute with import tariffs meant to protect American jobs against what Trump calls unfair trade practices from China, Europe and other countries.

Trump's determination to push ahead with sanctions on Tehran which also target European companies doing business with Iran has opened another battle front.

"This trade war is slowing down and destroying economic growth – and it creates new uncertainties," Altmaier told Bild am Sonntag newspaper, adding that consumers suffered the most because higher tariffs were driving up prices.

Altmaier lauded the agreement reached by European Commission President Jean-Claude Juncker during negotiations with Trump last month, saying the interim deal had saved hundreds of thousands of jobs in Europe.

The US and the European Union are embroiled in a spat after Trump imposed tariffs on aluminium and steel imports and Brussels responded with retaliatory tariffs on some US goods. Trump had also threatened to impose tariffs on EU auto imports but reached an agreement to hold off on taking action after meeting with Juncker at the White House last month.

"The agreement between the EU and US can only be a first step. Our goal is a global trade order with lower tariffs, less protectionism and open markets," Altmaier said.

Turning to the US sanctions against Iran, the minister said Germany and its EU allies would continue to support companies doing business with Iran despite US pressure.

"We won't let Washington dictate us with whom we can do business and we therefore stick to the Vienna Nuclear Agreement so that Iran cannot build atomic weapons," Altmaier said.

German companies should be allowed to continue to invest in Iran as much as they want and the German government is looking for ways together with its European allies to ensure that financial transactions could still take place, he added.

Several European companies have suspended plans to invest in Iran in light of the US sanctions, including oil major Total as well as carmakers PSA, Renault and Daimler.

German business associations have warned that companies are increasingly suffering from Trump's sanctions policies – including those against Iran – as well as the tariffs he is imposing in the escalating trade conflict with China.

The trade and sanctions disputes are clouding the growth outlook for Germany, Europe's largest economy, but Altmaier said he nonetheless expected strong growth this year due to vibrant domestic demand, record-high employment and rising wages.

The Federal Statistics Office will publish preliminary gross domestic product figures for the second quarter on Tuesday, with analysts expecting the quarterly growth rate to pick up to 0.4% after 0.3% in the first quarter.

La fronde anti-éoliennes prend de l'ampleur



Par Marie-Estelle Pech

Mis à jour le 06/08/2018 à 20h02 | Publié le 06/08/2018 à 17h11

ENQUÊTE – Le gouvernement souhaite doubler le nombre d'éoliennes sur le territoire dans les cinq prochaines années. Mais la contestation s'intensifie et réunit des opposants de tous bords.

Après les McDonald's et les champs d'OGM, la prochaine cible des écologistes ou des zadistes sera-t-elle l'éolien? En juin, un feu criminel détruisait une éolienne et en endommageait une autre à Marsanne, dans la Drôme. L'attaque a été revendiquée mi-juin par un site libertaire précisant «s'attaquer aux dominations». Du bourgeois au militant mélenchoniste en passant par l'anarchiste, le pêcheur et le châtelain, l'opposition à l'éolien est «de plus en plus composite», affirme Fabien Bouglé, porte-parole du collectif d'opposants Touche pas à nos îles! en guerre contre le projet de parc éolien au large de l'île de Noirmoutier, en Vendée.

Certes, cette opposition a historiquement débuté chez des pronucléaires situés bien à droite, «mais ça change», souligne cet élu versaillais, spécialiste du marché de l'art, qui témoigne avoir assisté à une lecture sur le sujet dans une «librairie anar de gauche» à Paris, et qui prophétise «une grande révolte populaire anti-éoliennes». D'autant que semble s'opérer une mutation: la contestation, jusque-là cantonnée aux citoyens et aux associations anti-éoliennes, trouve désormais des voix et des relais dans le monde politique pour porter le combat.

Ainsi Xavier Bertrand, ancien ministre du Travail et actuel président de la région des Hauts-de-France, qui a lancé fin juin un observatoire de l'éolien afin de mieux contrôler l'expansion des parcs dans sa région, qui «défigure complètement les paysages» et «coûte les yeux de la tête». Ou encore ces dix députés, tant de la majorité que de l'opposition, qui ont signé une tribune, «Stop aux nouvelles éoliennes!», dans nos éditions du 20 juin dernier.

Projet «antidémocratique»?

La France constitue aujourd'hui le quatrième parc d'Europe derrière l'Allemagne, l'Espagne et la Grande-Bretagne. Sa proportion d'électricité éolienne représente moins de 5 % de sa consommation mais, d'ici à 2023, les éoliennes terrestres devraient doubler, passant de 7300 à quelque 15.000. «C'est le deuxième gisement de vent d'Europe et la deuxième façade maritime. Le potentiel est considérable», selon Pauline Le Bertre, déléguée générale de France Énergie éolienne (FEE).

On compte 70 % de recours contre les permis de construire devant les tribunaux administratifs, contre 50 % il y a cinq ans

Si l'Allemagne a depuis longtemps compris «la nécessité impérative d'avoir une transition énergétique, en France, de

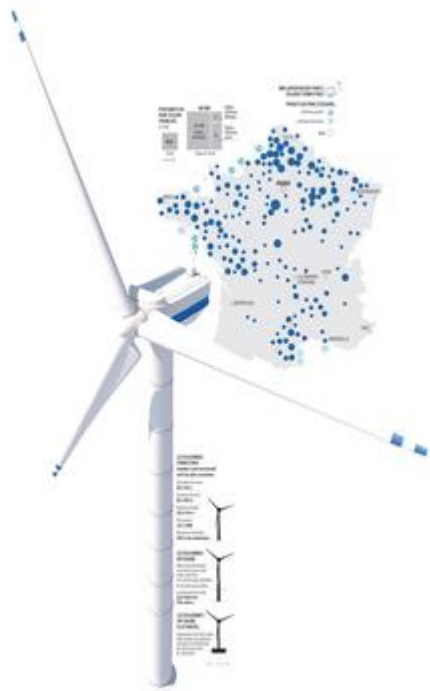
nombreuses associations jouent sur les angoisses des gens, propageant des idées reçues». Le degré d'opposition à l'éolien serait, selon elle, unique en Europe, lié à notre historique avec le nucléaire.

De fait, malgré le discours politique français très volontariste sur le sujet, malgré les sondages favorables à l'éolien menés auprès des Français, l'installation des éoliennes suscite de plus en plus d'opposition. On compte 70 % de recours contre les permis de construire devant les tribunaux administratifs, contre 50 % il y a cinq ans. Une perte de temps pour les promoteurs: la mise en route d'un parc est désormais d'environ neuf ans, contre quatre pour l'Allemagne.

Pour accélérer le processus, le gouvernement a décidé de supprimer le premier degré de juridiction, le tribunal administratif, pour passer directement à la cour administrative d'appel. Un projet de décret est actuellement en consultation devant le Conseil d'État. Cela se pratique déjà pour les projets éoliens en mer, les multiplexes de cinéma et les supermarchés. Un projet «antidémocratique» pour Fabien Bouglé, et qui, ces derniers mois, mobilise et durcit plus encore le front anti-éolien.

Biodiversité

Les associations d'opposants s'offusquent aussi d'un décret paru le 11 juillet qui permet de moderniser les parcs existants sans reprendre de zéro toutes les études d'impact. Que reprochent ces opposants à l'éolien? Sa laideur, sa proximité avec des habitations et des monuments historiques, ses nuisances sonores, ses lumières «aveuglantes», des installations entachées de multiples prises illégales d'intérêt de la part des élus. Les arguments sont multiples. Et parfois écoutés.



Des éoliennes ne seront ainsi pas installées en arrière-plan du paysage du Mont-Saint-Michel, pas plus que du côté du pont du Gard. Pauline Le Bertre, elle, indique qu'en France «les restrictions d'installation sont les plus élevées d'Europe. On multiplie les études d'impact liées à la biodiversité, le patrimoine, les habitations.» À l'entendre, une éolienne implantée à 500 mètres d'une habitation, le minimum réglementaire, «fait un bruit semblable à celui d'un frigidaire». Elle vante la compétitivité du mégawatt éolien, 64 euros contre 110 pour le nucléaire dernière génération. Inversement, Karine Poujol, à la tête de l'association Gardez les caps, considère que les 64 éoliennes prévues en baie de Saint-Brieuc provoqueront la mort de la biodiversité sous-marine, alors même que la zone est protégée Natura 2000. Elle anticipe un bruit «semblable à celui d'un décollage d'avion».

Loïk Le Floch-Prigent, ancien PDG d'Elf Aquitaine, défend les coquilles Saint-Jacques du cap Fréhel, qui pourraient être «très affectées» par ces installations fixées par 42 mètres de fonds. L'ancien industriel se défend de jouer pour le camp des pronucléaires, lui qui a «toujours défendu le fait qu'il fallait diversifier», rapporte-t-il au *Figaro*. Il met en doute cette politique qui «pénalise notre compétitivité en augmentant nos importations de matériel: 95 % des

investissements de l'éolien viennent d'Allemagne, du Danemark, d'Inde ou de Chine, tandis que deux tiers des exploitants viennent d'ailleurs». Ce printemps, la Cour des comptes affirmait que «le tissu industriel français a peu profité du développement des énergies renouvelables». Malgré des moyens considérables, qui se sont élevés en 2016 à 5,3 milliards d'euros. La prévision de dépense publique en 2023, elle, est de 7,5 milliards d'euros.

Caspian Sea nations to sign landmark deal



The leaders of the five states bordering the Caspian Sea meet in Kazakhstan on Sunday to sign a landmark deal on the inland sea which boasts a wealth of oil and gas reserves and sturgeon.

Azerbaijan, Iran, Kazakhstan, Russia and Turkmenistan are expected to agree a long-awaited convention on the legal status of the sea, which has been disputed since the collapse of the Soviet Union rendered obsolete agreements between Tehran and Moscow.

Talks in the port city of Aktau should help ease tensions in a militarised region where the legal limbo has scuppered lucrative projects and strained relations among nations along the Caspian's 7,000-kilometre (4,350-mile) shoreline.

The Kremlin said the convention keeps most of the sea in shared use but divides up the seabed and underground resources.

It does not allow military bases from any other countries to be sited on the Caspian.

'Once a frontier oil province'

Sunday's summit is the fifth of its kind since 2002 but there have been more than 50 lower-level meetings since the Soviet breakup spawned four new countries on the shores of the Caspian.

The deal will settle a long-lasting dispute on whether the Caspian is a sea or a lake—which means it falls under different international laws.

The draft agreement, briefly made public on a Russian government portal in June, refers to the Caspian as a sea but the provisions give it "a special legal status", Russian deputy foreign minister Grigory Karasin told Kommersant daily.

It is the Caspian's vast hydrocarbon reserves—estimated at around 50 billion barrels of oil and just under 300 trillion cubic feet (8.4 trillion cubic metres) of natural gas in proved and probable reserves—that have made a deal both vital and complex to achieve.

"Disputes arose when the Caspian was a frontier oil province,"

said John Roberts, a non-resident senior fellow at Atlantic Council's Eurasia Center, while it is "now well established, with major fields approaching peak... production."

'Expand cooperation'

Any deal will "expand the field for multilateral cooperation" between the five states, said Ilham Shaban, who heads the Caspian Barrel thinktank.

But some are likely to view it as more of a breakthrough than others.

Energy-rich but isolated Turkmenistan is particularly excited and President Gurganguly Berdymukahmedov has called for annual Caspian Sea Day celebrations from Sunday onwards.

Turkmenistan could benefit from a concession allowing the construction of underwater pipelines, which were previously blocked by the other states.

Nevertheless, analysts caution that Turkmenistan's long-held plan to send gas through a trans-Caspian pipeline to markets in Europe via Azerbaijan is not necessarily closer to becoming reality.

The plan was previously opposed by Russia and Iran, which could still attempt to block the pipeline—valued at up to \$5 billion—on environmental grounds.

"A deal in Aktau is not a legal prerequisite for the construction of the Trans-Caspian Pipeline," said Kate Mallinson, Associate Fellow for the Russia and Eurasia Programme at Chatham House.

"Neither will a major transport corridor to export Turkmen gas to Europe emerge overnight."

Kudos and caviar

As previous exclusive arbiters of Caspian agreements, Russia and Iran could be seen as the new deal's biggest losers.

But while Moscow has ceded ground on underwater pipelines "it gains political kudos for breaking a log-jam," enhancing its image as diplomatic dealmaker, said Roberts of the Eurasia Center.

Russia will welcome the clause barring third countries from having military bases on the Caspian, underscoring its military dominance there, said Shaban of Caspian Barrel.

Iran gets the smallest share of the Caspian spoils under the new deal, but could take advantage of new legal clarity to engage in joint hydrocarbons ventures with Azerbaijan.

In the past Tehran has resorted to hostile naval manoeuvres to defend its claims to contested territory.

Beyond military and economic questions, the agreement also offers hope for the Caspian's ecological diversity.

Reportedly depleted stocks of the beluga sturgeon, whose eggs are prized globally as caviar, may now grow thanks to "a clear common regime for the waters of the Central Caspian," Roberts said.

The deal could result "not only in stricter quotas for sturgeon fishing, but in stricter enforcement of these quotas," he added.

Brexit : HSBC transfère sept

succursales de Londres à Paris



Par Anne Bodescot

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La banque investit également lourdement en Asie pour accélérer sa croissance.

Dans la finance, les préparatifs en prévision du Brexit s'accélèrent. La Grande-Bretagne redoute désormais une sortie de l'Union européenne (UE) sans accord avec Bruxelles. Ce qui compliquerait encore davantage le travail de ses banques sur le Vieux Continent. Prenant les devants, HSBC a annoncé lundi que plusieurs de ses succursales européennes, jusqu'alors contrôlées depuis Londres, seront l'an prochain rattachées à sa filiale française.

Ses activités en République tchèque, Irlande, Italie, Luxembourg, Pays-Bas et Espagne seront pilotées depuis Paris par HSBC France, en principe à partir du premier trimestre 2019. Soit juste avant la sortie effective du Royaume-Uni de l'UE, prévue fin mars. «Ce que nous avons prévu depuis le début, depuis plus de deux ans, a été fondé sur le pire des scénarios», explique John Flint, le nouveau directeur général.

» LIRE AUSSI – Brexit: Bruxelles n'exclut pas une sortie sans accord

L'annonce a été faite quelques heures après la publication de résultats mitigés pour le groupe bancaire britannique. Après avoir mené un vaste plan de restructuration ces dernières années et fait des économies à tous crins, la banque a enregistré une hausse de 7 % de ses coûts sur les six premiers mois de l'année, en raison de ses investissements en Asie, où elle veut pousser plus encore son avantage. Elle y réalise déjà près de la moitié de son activité. «Nous sommes en train d'investir pour gagner de nouveaux clients, pour accroître notre part de marché et poser les fondations d'une croissance régulière des bénéfices», souligne John Flint. Aux manettes depuis février, il est d'ailleurs prêt à aller beaucoup plus loin, puisqu'il a dévoilé en juin un plan d'investissement sur trois ans de 15 à 17 milliards de dollars.

Les dépenses déjà engagées ces derniers mois par la banque ont permis d'embaucher afin de conquérir davantage de clients et de se renforcer dans les activités numériques, en particulier en Chine. Mais cette hausse des dépenses a été plus forte que celle du chiffre d'affaires, qui augmente de 4 % (2 % ajustés des éléments exceptionnels). Voilà qui explique l'accueil plutôt froid réservé aux résultats semestriels de la banque à la Bourse de Londres, où le titre a terminé lundi en léger repli (- 1,06 %).

Pourtant, le bénéfice semestriel dévoilé lundi est légèrement supérieur aux prévisions, avec une progression de 2,5 %, à

7,173 milliards de dollars. En Asie, le bénéfice avant impôt du premier semestre a même bondi de 23 %, à 9,4 milliards de dollars, ce qui représente 88 % du bénéfice total du groupe.

Baisse des profits en Europe

Mais ces bonnes performances ont été contrebalancées par une baisse des profits sur d'autres marchés, en particulier en Europe, où l'activité est pénalisée notamment par la faiblesse des taux d'intérêt. Toutefois, le patron de HSBC espère toujours stimuler les revenus de son groupe dans les prochains mois, pour que, sur l'année, la progression des recettes soit plus forte que celle des coûts.

Mais la guerre commerciale entre les États-Unis et la Chine, qui préoccupe toujours les marchés financiers, lézarde la confiance dans la capacité de la banque à tenir cette promesse. Pour l'instant, HSBC affirme que cette guerre douanière n'a eu aucun effet sur son activité et ses clients. Le président du groupe, Mark Tucker, a même tenu à rappeler que le marché asiatique restait solide. Mais John Flint reconnaît que la croissance chinoise pourrait en être légèrement affectée.

Touchée par de nombreux scandales financiers ces dernières années, HSBC a aussi annoncé avoir trouvé un accord en juillet avec le département américain de la Justice. La banque paiera une pénalité financière de 765 millions de dollars pour mettre fin aux poursuites sur son activité dans les prêts immobiliers avant la crise financière de 2008.

Trump orders doubling of Turkey metals tariffs



Bloomberg/Washington

President Donald Trump ordered the doubling of steel and aluminium tariffs against Turkey, roiling global markets as relations between the Nato allies hit a new low.

Trump announced the decision in a tweet yesterday morning following a defiantly nationalist speech yesterday by Turkish President Recep Tayyip Erdogan in which he vowed that his country wouldn't bow to "economic warfare." Tensions have intensified in recent weeks over Turkey's detention of an American evangelical pastor.

"I have just authorised a doubling of Tariffs on Steel and Aluminum with respect to Turkey as their currency, the Turkish Lira, slides rapidly downward against our very strong Dollar! Aluminum will now be 20% and Steel 50%. Our relations with Turkey are not good at this time!" Trump said on Twitter.

Heightening the tension of the day, Erdogan conferred by phone yesterday with US adversary Russian President Vladimir Putin on economic ties, Turkish and Russian media reported.

A US deadline for Turkey to release Pastor Andrew Brunson lapsed less than two days ago, according to an administration official with knowledge of the ultimatum.

The deadline – which had been set for 6 p.m. on August 8 – came just hours after Turkish officials met with counterparts at the State Department and Treasury Department in Washington to try to resolve the dispute.

The clash reverberated across global markets as Turkey's economic crisis threatened to spread. The S&P 500 Index erased a weekly advance, European and emerging-market equities slid more than 1% and the 10-year Treasury yield slid to 2.90%. The euro sank as much as 1% to the weakest in more than a year, extending a drop triggered earlier by a Financial Times report that the European Central Bank raised concerns about banks' exposure to Turkey.

Turkey is seeking to stanch an economic meltdown amid fallout from US sanctions imposed last week over the continued detention of Brunson, who was jailed on espionage and terrorism allegations more than two years ago and recently released to house arrest.

The US was Turkey's fourth largest trading partner last year with \$21bn in commerce, behind Germany, China and Russia.

Shares of Turkish steelmakers Kardemir Karabuk Demir Celik Sanayi ve Ticaret AS and Eregli Demir ve Celik Fabrikalari TAS plunged as much as 8% and 9.9%, respectively, after Trump's tweet. Shares of the bank Turkiye Is Bankasi AS fell 8.7%, more than any full-day drop since 2013.

Steel was Turkey's fourth-largest export last year, valued at \$11.5bn and accounting for about 7% of total exports, according to the country's Steel Exporters' Association. Turkey ranks as the world's sixth-biggest steel producer.

While the US was the top destination for Turkish steel exports last year, it tumbled to third place in the first half of this year as earlier tariffs diminished the trade.

The move against Erdogan's government also highlights the disconnect between Turkey and the US as they fail to negotiate their way out of an array of conflicts.

Relations used to be based on strategic interests, but more recently they've been dominated by discord over alliances in Syria's civil war, Ankara's strengthening ties with Moscow, and its uneasy position within Nato. Turkey has been a key ally in the fight against Islamist terrorism in Iraq and Syria, and the US base in Incirlik is an important staging area.

Trump is working "diligently" to bring home Brunson, the president's lawyer Jay Sekulow said earlier on Fox News. Vice-President Mike Pence and Secretary of State Mike Pompeo are also involved in that effort, he said.

When Turkey moved Brunson from prison to house arrest last month, Pompeo said it was a welcome decision but not enough.

Greek banks face higher costs post-bailout as ECB ends waiver



Bloomberg/Athens

Greek lenders face higher financing costs after the European Central Bank said it will stop accepting the country's government debt as collateral from August 21, the day after the nation's bailout programme ends.

The ECB will remove a waiver exempting Greek bonds from a rule that all collateral must be investment grade. The exemption was conditional on Greece being compliant with an aid programme.

With Greek debt rated below investment grade by all rating companies, banks will have to replace as much as €3.5bn (\$4bn) of their liquidity with more expensive facilities, according to a person familiar with the matter.

The expectation is that lenders will turn to the interbank market and to the Greek central bank's Emergency Liquidity Assistance, the person said, asking not to be named because the information is confidential. Greek ELA carries an interest rate 1.5 percentage points higher than the ECB's main refinancing rate, which is currently at zero.

"The Governing Council has decided that from 21 August 2018, the Eurosystem's standard criteria and credit quality thresholds should apply in respect of marketable debt

instruments issued or fully guaranteed by the Hellenic Republic,” an ECB statement said.

Greece is trying to stand on its own feet again after a decade of financial crises, more than €300bn in aid commitments from the euro area and International Monetary Fund. It remains Europe’s most indebted country though, and the economy is still struggling to recover from losing more than a quarter of its output.

Yields on Greek bonds are rising again, with the 10-year note at about 4.2%, the highest since June 21 when euro-area finance ministers agreed on further debt-relief measures.

The ECB’s waiver had been in place since June 2016. An earlier exemption was suspended in February 2015 when the newly elected government said it wouldn’t meet the terms of the bailout program it inherited. The political wrangling that year almost saw Greece forced out of the currency bloc.

Bank of Greece governor Yannis Stournaras had repeatedly called for the government to apply for a precautionary credit line after the bailout. That could have allowed the waiver to be extended, and may have helped Greece gain access to the ECB’s quantitative-easing programme.

Russia loses bulk of WTO challenge to EU gas pipeline rules



GENEVA (Reuters) – Russia largely failed in its bid to overturn the European Union’s gas market rules in a World Trade Organization ruling published on Friday.

A World Trade Organization (WTO) logo is pictured on their headquarters in Geneva, Switzerland, June 3, 2016. REUTERS/Denis Balibouse

Russia launched the dispute in 2014, claiming that the EU’s “Third Energy Package” and the EU’s energy policy overall unfairly restricted and discriminated against Russia’s gas export monopoly Gazprom (GAZP.MM).

Russia argued that the EU broke WTO rules by requiring the “unbundling” of gas transmission assets and production and supply assets, which effectively stopped Gazprom – long the major supplier of gas to Europe – from owning the pipelines through which it sent gas to the European market.

Russia said the EU had unfairly discriminated in favor of liquefied natural gas and upstream pipeline operators by exempting them from those unbundling requirements.

The panel of three WTO adjudicators ruled against Russia on those points.

However, they upheld Russia's complaint about an unbundling exemption for Germany's OPAL pipeline, granted on condition that Gazprom supplied no more than 50 percent of the gas in the pipeline.

The 50 percent cap could only be exceeded if 3 billion cubic meters of gas was released annually at a fixed price to competing suppliers on the Czech market.

The WTO panel also agreed that Croatia, Hungary and Lithuania had discriminated against Russia by requiring a security of energy supply assessment for foreign, but not domestic, pipeline operators.

The European Commission called the ruling an important positive outcome that secured the core elements of the Third Energy Package, a 2009 reform that sought to integrate the EU's energy market while increasing competition.

"The Commission will now analyze the ruling in detail, in particular as regards a limited number of issues on which the WTO-compatibility of EU energy policy has still not been recognized," it said in a statement.

Russia's Economy Ministry said the parts of the ruling that went in its favor would help to improve access for Russian gas on the European market, and to level the playing field for pipeline service providers.

"This is a positive precedent that makes it possible to change the norms that created obstacles for Russian suppliers in the EU market, both in EU legislation and in the legislation of its individual member countries," it said in a statement.

Gazprom said it had always said that European energy policy should take gas suppliers' interests into account, and

therefore it was satisfied with the points where Russia had won.

Either side can appeal within 60 days.

Reporting by Tom Miles, additional reporting by Polina Ivanova, Ekaterina Golubkova and Foo Yun Chee; Editing by Matthew Mpoke Bigg

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With Greek debt rated below investment grade by all rating companies, banks will have to replace as much as 3.5 billion euros (\$4 billion) of their liquidity with more expensive facilities, according to a person familiar with the matter.

The expectation is that lenders will turn to the interbank market and to the Greek central bank's Emergency Liquidity Assistance, the person said, asking not to be named because the information is confidential. Greek ELA carries an interest rate 1.5 percentage points higher than the ECB's main refinancing rate, which is currently at zero.

"The Governing Council has decided that from 21 August 2018, the Eurosystem's standard criteria and credit quality thresholds should apply in respect of marketable debt instruments issued or fully guaranteed by the Hellenic Republic."

– ECB. To see the full decision, [click here](#)

Greece is trying to stand on its own feet again after a decade of financial crises, more than 300 billion euros in aid commitments from the euro area and International Monetary Fund. It remains Europe's most indebted country though, and the economy is still struggling to recover from losing more than a quarter of its output.

Yields on Greek bonds are rising again, with the 10-year note at about 4.2 percent, the highest since June 21 when euro-area finance ministers agreed on further debt-relief measures.

Greece's Bailouts Are Over But Its Debt Pile Remains: QuickTake

The ECB's waiver had been in place since June 2016. An earlier exemption was suspended in February 2015 when the newly elected government said it wouldn't meet the terms of the bailout program it inherited. The political wrangling that year almost saw Greece forced out of the currency bloc.

Bank of Greece Governor Yannis Stournaras had repeatedly called for the government to apply for a precautionary credit line after the bailout. That could have allowed the waiver to be extended, and may have helped Greece gain access to the ECB's quantitative-easing program.

– With assistance by Piotr Skolimowski