In era of cheap oil, Saudi loses shine for foreign workers

REUTERS, *Riyadh/Khobar, Saudi Arabia*

MOBARAK Musa, a mobile telephone salesman from Syria, has spent 10 years working in Saudi Arabia, sending part of his wages back home to support his parents and three brothers. A shift in Saudi labour policy means he won't be able to do so for much longer.

In early March, the Ministry of Labour announced that within six months foreigners would be banned from selling and maintaining mobile phones and accessories for them, in an effort to keep open more jobs for Saudi citizens.

So Musa became one of hundreds of thousands of foreign workers in Saudi Arabia who may lose their jobs and be sent back to their home countries this year, as low oil prices slow the kingdom's economy and prompt the government to restrict employment opportunities for expatriates.

"I don't know where else can I go - I don't know any other job to do," Musa, in his 30s, said in his small shop at a mobile phone market in downtown Riyadh.

Millions of foreigners from south Asia, southeast Asia and elsewhere flocked to work in Saudi Arabia during the economic boom of the past decade, filling relatively low-paid posts in the oil industry, construction and services as well as many middle-management and professional positions.

Foreigners accounted for 10.1 million of the total population of 30.8 million in 2014, according to the latest official data. The money they sent home was important for their home countries; they remitted $9.1 billion out of Saudi Arabia in the third quarter of 2015, central bank data shows.

The inflow of people may now go into reverse. Saudi economic growth is slowing as low oil prices produce a state budget deficit that totalled nearly $100 billion last year, forcing the government into spending cuts.

Many analysts expect gross domestic product growth, which averaged over 5 percent annually between 2006 and 2015, to fall well below 2 percent this year. Partly because labour rules make it hard and costly to fire Saudi citizens, layoffs in the early stages of a downturn tend to hit foreigners almost exclusively.

Meanwhile the government, lacking the cash to create public sector jobs for Saudis as freely as before, and worried that the official unemployment rate of 11.5 percent among them could rise, is intervening more heavily in the labour market to push Saudis into jobs previously held by foreigners.

A top executive at a major Saudi company told Reuters in January that he wouldn't be surprised if one million foreigners had to leave the kingdom by the end of this year.

"The economic changes have started to pressure the labour market, and this has triggered the start of the migration of a large segment of foreign workers," said prominent Saudi economist Fadl al-Boainain.

"Declining corporate profitability has made the foreign workforce a target for managements seeking to cut fixed financial obligations."

So far, layoffs have been concentrated in the construction sector, which analysts estimate employs around 45 percent of foreigners. Hit by shrinking state contracts and delays in payments owed to them by the government, construction firms have been laying off tens of thousands of people since last year.

REUTERS

A Saudi vendor waits for customers at a mobile shop in Riyadh, Saudi Arabia.

"After 12 years in a stable job with a big company, I have started to update my CV and send it to other employers," said Abu Fadi, a Palestinian-Lebanese engineer at a big construction company in Riyadh which is facing a liquidity crunch and hasn't paid salaries to its staff since September.

Abu Fadi, who has delayed his marriage plans until his future is clearer, said some of his colleagues who had brought their families to the kingdom were now unable to pay the rent. Some 5,000 technical workers at his company have left, he said.

Job losses among foreigners look likely to spread to other sectors, partly because of government policy. Labour ministry spokesman Khaled Abalkhail said the ban on mobile phone sellers would affect about 20,000 workers, and that similar action would eventually be taken in other industries.

"The labour ministry targets aim to create jobs for around 1.3 million Saudis...There are plans for gradual nationalisation of other sectors such as taxis, travel and tourism, real estate, jewellery and vegetable markets," he told Reuters.

Abalkhail said displaced foreign workers could try to find jobs in other sectors. But it will be hard for many do so in a slowing economy, and many lack training for skilled jobs. If they cannot find a company to sponsor a work visa for them, they will have to leave the country within about 90 days.

Even some highly paid foreign professionals are considering leaving the kingdom because they see fewer opportunities as the flow of oil money shrinks.

After more than nine years in Saudi Arabia, a British petrochemical consultant in the oil-producing Eastern Province said he was considering returning home as projects in the industry were postponed and budget approvals were delayed.

"Last year was mostly fine, but the end of last year and this year are the worst I have seen," he said, speaking on condition of anonymity because he was not authorised to discuss the economic prospects of his firm.

A year ago, there were long waiting lists for foreigners seeking to move into residential compounds for well-off expatriates in Riyadh and oil-producing Eastern Province. The waiting lists have now shrunk or disappeared, and more villas in the compounds are vacant, residents say.

Top UK firms keep women off boards: inquiry

REUTERS, *London*

NEARLY two-thirds of Britain's 350 biggest listed companies have failed to reach a target of having 25 percent of female board members, and four-fifths have two or fewer women on their boards, an inquiry into gender diversity said on Wednesday.

Top jobs remain dominated by men, with nearly three-quarters of companies in the FTSE 100, the biggest firms listed on the London Stock Exchange, and 90 percent of the next-biggest FTSE 250 companies, having no female executive directors, the Equalities and Human Rights Commission said.

"The good work of a forward-thinking minority masks that many top businesses are still only paying lip service to improving the representation of women on boards," said the head of the commission, Laura Carstensen.

Official figures published last year showed that firms in the FTSE 100 had reached their target, set in 2011, of 25 percent female board members and that there were more women on FTSE 350 boards than ever before, with representation of women more than doubling since 2011.

But the inquiry found that less than half of the 350 biggest companies actually increased the proportion of women in their boardrooms, while 46 percent either kept the same proportion of women board members or reduced it.

Almost one-third of companies used outdated "old boy" networks to identify new candidates for their boards and did not advertise the posts in any other way, limiting opportunities for women to apply, it added.

"Unfortunately the recruitment practices of too many businesses still remain trapped in permafrost and that's holding back women and ultimately the companies themselves," Carstensen said.

"The recruitment process to the boards of Britain's top companies remains shadowy and opaque and is acting as a barrier to unleashing female talent."

Just 2 percent of firms advertised non-executive positions on their websites, in newspapers or on social media, and the majority did nothing to encourage applications from women for senior or board positions, the inquiry said.

Another obstacle to increasing opportunities for women was job descriptions which used terms like having the right "chemistry" or "fit" as opposed to specifying skills and experience, it said.

The commission said company boards should be made accountable for improving diversity at executive and board levels and called for the recruitment process to be improved, among other recommendations.

In October a government report called on FTSE 350 firms to reach a target of 33 percent of women on their boards by 2020.

The Fawcett Society, a campaign group promoting women's rights in the workplace, said companies should be obliged to follow the commission's recommendations.

REUTERS

Foliage partly covers a 1 Malaysia Development Berhad (1MDB) billboard at the fund's flagship Tun Razak Exchange in Kuala Lumpur. Malaysia's state fund 1MDB said on Wednesday it has completed the sale of its power assets to China General Nuclear Corp under a $2.3 billion cash deal agreed last November. State-owned CGN acquired 1MDB's Edra Global Energy Berhad and its subsidiaries in a cash transaction, 1MDB said, and will assume the assets' gross debt and cash reserves.

India defends right to issue drug "compulsory licences"

REUTERS, *Mumbai*

INDIA has defended its right to grant licences allowing local firms to override patents and make cheaper copies of drugs discovered by big Western drugmakers, and said reports to the contrary were "factually incorrect".

The Commerce Ministry statement comes weeks after Reuters and media in India quoted the US business advocacy group, US-India Business Council (USIBC), as saying India had given private assurances that it would not grant such "compulsory licences".

"There have been recent media reports that the Government of India has privately assured that it will not issue any more compulsory licences. It is hereby clarified that such reports are factually incorrect," the ministry said in the statement late on Tuesday.

"In this regard, it may be noted that India has a well-established TRIPS compliant legislative, administrative and judicial framework to safeguard IPRs (intellectual property rights). Under the Doha Declaration on the TRIPS Agreement Public Health, each member has the right to grant compulsory licences and the freedom to determine the grounds upon which such licences are granted."

India is party to TRIPS, or the Trade-Related Aspects of Intellectual Property Rights, a World Trade Organization agreement that sets down minimum standards for intellectual property regulation.

The USIBC's comments were revealed in a submission it made last month to the US Trade Representative (USTR), which is reviewing global intellectual property laws for an annual report identifying trade barriers to US companies.

The USTR has placed India on its "priority watch" list for two years in a row, saying the country's patent laws unfairly favour local drug makers. A legal provision that allows granting of "compulsory licences" has been a key bone of contention.

India can grant such licences under certain conditions, such as public health emergencies, to ensure access to affordable medicines. It granted the first such licence in 2012, allowing local firm Natco Ltd to sell a copy of German drugmaker Bayer's cancer medicine Nexavar at a tenth of the price.

Since that ruling, big Western pharmaceutical companies have criticised India's patent law and lobbied for it to be changed.

The next big thing in phones may not be a phone

REUTERS, *Frankfurt*

NEARLY a decade after the iPhone broke the mould for mobile phones the question being asked is whether the evolution of the smartphone has finally come to an end, as even Apple now treats older, smaller 4-inch screens as something new.

Industry experts believe innovation in smartphones is giving way to phone functions popping up as software or services in all manner of new devices from cars to fridges to watches and jewellery rather than remaining with handheld devices.

And analysts and product designers said fresh breakthroughs are running up against the practical limits of what's possible in current smartphone hardware in terms of screen size, battery life and network capacity.

"Everything in the phone industry now is incremental: slightly faster, slightly bigger, slightly more storage or better resolution," said Christian Lindholm, inventor of the easy text-messaging keyboards in old Nokia phones that made them the best-selling mobile devices of all time.

The financial stakes are high as the futures of Apple, Google, and Microsoft, the world's three biggest listed companies at the end of last year, may now turn on who gets the jump on making handsets redundant.

Many firms are experimenting with new ways to help consumers interact with the wider world through touch, sight and sound.

These include voice-activated personal assistant devices dangling from "smart jewellery" necklaces with tiny embedded microphones or tiny earpieces that get things done for us based on our verbal commands.

The world's biggest tech companies have made real progress in this arena with Google Now, Apple Siri, Microsoft Cortana and Amazon.com's Alexa now able to read texts or emails for users, answer practical questions, control phone features, handle basic communications or read a map.

"The way the whole thing is evolving, the device itself is becoming just another way to provide access to a user's digital life," said independent financial analyst Richard Windsor.

Lindholm now runs KoruLab, developers of compact, ultra-efficient software for running wearable devices. He sees smartphone functions splitting into two camps - big-screen devices for rich entertainment and compact wearables for more transactional activities like keeping up with one's calendar, health or fitness monitoring or paying for goods or services.

REUTERS

Apple Vice President Greg Joswiak introduces the iPhone SE during an event at the Apple headquarters in Cupertino, California on March 21.

Financial analysts at UBS estimate smartphone makers will generate more than $323 billion in revenue this year, a 1.4 percent decline from last year. Apple alone took in half of that revenue and more than three quarters of all profits, according to research firm Strategy Analytics.

Seeking to reverse declining iPhone sales, Apple announced a range of new products on Monday including a cheaper 4-inch (10 cm) screen iPhone SE. Google generates virtually all of its revenue from advertising sold alongside its wide variety of Web services, rather than from its Android software, which drives roughly 80 percent of the world's phones.

It is cagey about how much revenue comes from mobile advertising, but analysts estimate this contributed roughly a quarter to a third of its $75 billion revenue reported in 2015.

Last year Microsoft pulled back from the handset business, writing off $7.6 billion for its fruitless acquisition of Nokia's handset business. Increasingly, its strategy has become to make money off the back-end of mobile software, through selling cloud-based services, now its fastest growing business.

For while phones are now the Swiss Army knives of the electronic age, their essential appeal to consumers has shifted from their eye-catching shiny screens and sleek bevelled edges to the apps and services running on the phones, often as Internet-based services hosted in the cloud.

"Mobile networks are moving to connect to all these other devices," said Bob O'Donnell, a consumer electronics analyst and president of Technalysis Research in Foster City, Calif.

Whatever platform might displace the handheld phone also will need to resolve nagging questions about battery life, which have become more pressing as consumers watch more and more video.

The next big device also needs more flexible screens capable of working in different lighting conditions. That's a decades-old dream of gadget enthusiasts that has eluded recognised market leaders Samsung and LG of Korea, which have struggled for years to mass-produce flexible screens at anything close to mass-market prices.

Richard Windsor said flexible displays that could be unfolded or unrolled to up to 10 or 14 inches would set phones free from being defined by screen size. "What is a tablet computer?" Windsor asks. "Why would you bother having a tablet? That market would just evaporate overnight," he said.