Saudi king orders new allowances to offset rising cost of living

REUTERS, *Riyadh*

Saudi Arabia's King Salman on Saturday ordered a monthly payment of 1,000 riyals ($267) to state employees over the next year in compensation for rising cost of living after the government hiked domestic gas prices and introduced value-added tax (VAT).

In a royal decree published by state news media, the king also ordered the payment of 5,000 riyals to military personnel serving at the front lines with Yemen where the kingdom is fighting a nearly three-year-old war.

Saudi Arabia, the world's top oil exporter, roughly doubled gasoline prices on Monday as part of a broad reform initiative aimed at diversifying its economy. A 5 percent VAT on a broad range of goods and services came into effect on the same day.

The new payment orders were an acknowledgement of "the increased burdens for some segments of the population following from the necessary measures which the state took to restructure the economy," according to the decree.

King Salman directed the state to bear the burden of VAT in some situations, including special health and education services as well as the first purchase of a house that is valued at up to 850,000 riyals ($226,660). Allowances for students, retirees and social security recipients were also boosted.

REUTERS

Saudi Arabia's King Salman bin Abdulaziz Al Saud speaks as he approves 2018 budget during a cabinet meeting, in Riyadh, Saudi Arabia on December 19, 2017.

The decree did not reveal the total cost of the new allowances, but it appeared to be considerably smaller than some past handouts by Saudi kings, and therefore unlikely to have much impact on economic growth or the state budget deficit.

About 1.18 million Saudis are employed in the government sector and there are more than 1.23 million pensioners and beneficiaries of pension payments, the central bank says. That suggests a total package cost of about 23 billion riyals, according to Reuters calculations.

US unemployment holds at 4.1pc

AFP, *Washington*

The US economy's job creation ability disappointed in December, despite solid hiring in manufacturing and construction, according to government data reported Friday.

But with the country believed to be near full employment, the jobless rate still held steady at its 17-year low of 4.1 percent.

Employers added just 148,000 new hires in the final month of the year, all but 2,000 of them in the private sector -- far below economists' expectations of 200,000 jobs or more.

Those upbeat forecasts had been boosted by data from payroll services firms ADP Thursday that reported private hiring to have surged by 250,000 in the month, although the ADP report is known to be volatile.

Revisions to the October and November data also subtracted 9,000 jobs from the economy, making the picture for the fourth quarter even more disappointing.

Job creation in the final three months of the year averaged 204,000, the Labor Department said.

The slowing could point to an economy nearly at full employment that is finding it hard to find workers to fill open positions, a sentiment seen in many business surveys.

Many firms have reported the need to raise wages to attract new workers, and that was reflected in the increase in average hourly earnings to $26.63 from $26.54 in the prior month, and from $25.98 at the end of 2016.

That marks a 2.5 percent increase in wages over last year, slightly ahead of consumer inflation.

The manufacturing sector added 25,000 new jobs in December, while the construction sector added 30,000, and health care added 29,000.

But retail employment fell by 20,000, and professional and business services slowed sharply to a gain of just 19,000 after two months, with increases of close to 50,000.

For all of 2017, construction employment increased by 210,000, compared to 155,000 in 2016, while manufacturing saw a gain of 196,000, about the same as the prior year.

Solar modules stuck at Indian ports due to import duty dispute

REUTERS, *New Delhi*

Solar modules worth more than $150 million are stuck at various Indian ports due to a dispute over their classification and the import tax applicable to them, sources said, which could delay Prime Minister Narendra Modi's clean energy goals.

Modi has set an ambitious target of nearly tripling the country's total renewable energy capacity to 175 gigawatt (GW) by 2022, spurring global firms including Japan's SoftBank and Goldman Sachs to invest in solar projects in the country.

Most of the solar modules come from China, but several consignments are now held up because customs officials have demanded that some of them be classified as "electric motors and generators", attracting a 7.5 percent duty, not as "diodes, transistors and similar semiconductor devices" with no duty.

Two customs officials in the southern port of Chennai confirmed the issue regarding the classification.

C. Narasimhan, president of the Indian Solar Association, said that up to 2,000 solar module containers are now stranded at four major ports.

"Port disruptions like this will hamper the country's progress towards achieving the target of 100 GW in installed solar capacity by 2022," said Narasimhan, a former lawmaker.

The Indian unit of Germany's Enerparc had 30 of its containers stuck at Chennai for three weeks as it finished some "paperwork" and paid a demurrage - a charge for failing to discharge the ship on time - of about 7 million rupees ($110,471), its Managing Director Santosh Khatelsal said.

The renewable energy ministry has already asked the finance ministry to resolve the matter without disrupting business, said a government official with direct knowledge of the matter.

Any duty is bad news for project developers such as SoftBank-backed SB Energy but good for local solar component makers such as Indosolar and Moser Baer.

Indian manufacturers have struggled to compete with Chinese companies such as Trina Solar and Yingli and have sought anti-dumping duties as well as long-term safeguards.

"The interests of domestic manufacturers and developers should be protected with least harm," said the government official, who declined to be named.

"The dispute has the potential to disrupt deployment by increasing the cost of projects but at the same time might protect the domestic manufacturers."

The finance ministry is examining a proposal from the renewable ministry to exempt projects bid earlier from paying the duty, the official said.

Spokesmen for the Ministry of Finance and Ministry of New and Renewable Energy declined to comment.

Raj Kumar Singh, the minister for power and renewable energy, recently told parliament that the government was working on remedying the problem.

HP recalls computer batteries over fire risk

AFP, *San Francisco*

HP announced a recall of batteries in some of its notebook and mobile workstation computers due to the risk they could burst into flames.

"These batteries have the potential to overheat, posing a fire and burn hazard to customers," the US computer maker said at a website with details of the voluntary recall.

"Many of these batteries are internal to the system, which means they are not customer replaceable."

The list of machines with the potentially problematic lithium-ion batteries included Probook, Envy, Pavilion, Zbook, Studio G3, and HP 11 models sold worldwide for the past two years, according to the online post.

Some batteries targeted for recall were also sold as accessories or replacements through HP or authorized service providers.

HP said it is notifying customers and will replace batteries for free. In the meantime, the US-based computer company advised people to only use the computers in a "safe mode" powered by plugging into outlets instead of by batteries.

HP is the consumer division created by the 2015 split of Hewlett-Packard, which spun out a separate business services unit called Hewlett-Packard Enterprise.