New China tariffs a 'job killer,' US industry tells Trump

AFP, Washington

US President Donald Trump's new tariffs on Chinese goods are a "job killer" that will slam consumers and could make a recession more likely, industry groups said Wednesday.

The latest cry for peace in Trump's year-long trade war came just days before the first in series of tariff increases is due to go into effect -- potentially raising prices ahead of the crucial holiday shopping period.

In a sharp deterioration in the US-China trade war, Trump last week ramped up the punitive duties for the vast majority of US imports from China.

The five percent increases, which will take the tariffs to 15 percent and 30 percent, are due to roll out in stages through December and target some popular items, such as laptops, mobile phones and some shoes.

More than 200 footwear manufacturers and retailers, including major brands such as Nike and Foot Locker, signed onto the letter alerting that the new tariffs could cost US consumers an additional $4 billion a year and increase the chances of an economic downturn.

A broad array of 160 other trade groups -- including software and electronics manufacturers, as well as retailers, liquor producers and others -- also warned Trump of higher prices and damaged consumer confidence and urged him to abandon the tariff strategy.

"We've been telling the White House since the beginning that tariffs will be paid by Americans in the form of higher prices, and that due to our already high import taxes, this will be a job killer," Matt Priest, president of the Footwear Distributors and Retailers of America, said in a statement.

The footwear group directly disputed Trump's claim that China is bearing the cost of the tariffs.

"There is no doubt that tariffs act as hidden taxes paid by American individuals and families," its letter said.

Long a powerful voice in Washington, US industrial lobbies have been unable to persuade Trump to avoid escalating his year-old trade war with China.

The Information Technology Industry Council agreed China needs to change its unfair trade practices, but said in a statement Wednesday that "the current tool of tariffs has simply not worked, and we're continuing to see the negative results." - Recession risk - The companies agreed with economists that recession risks are rising, warning Wednesday that uncertainty caused by the confrontation with Beijing was rattling the wider economy -- a sensitive subject as Trump seeks reelection next year.

"An economic downturn will take away disposable income from US consumers, even as they have to pay more for products," they said.

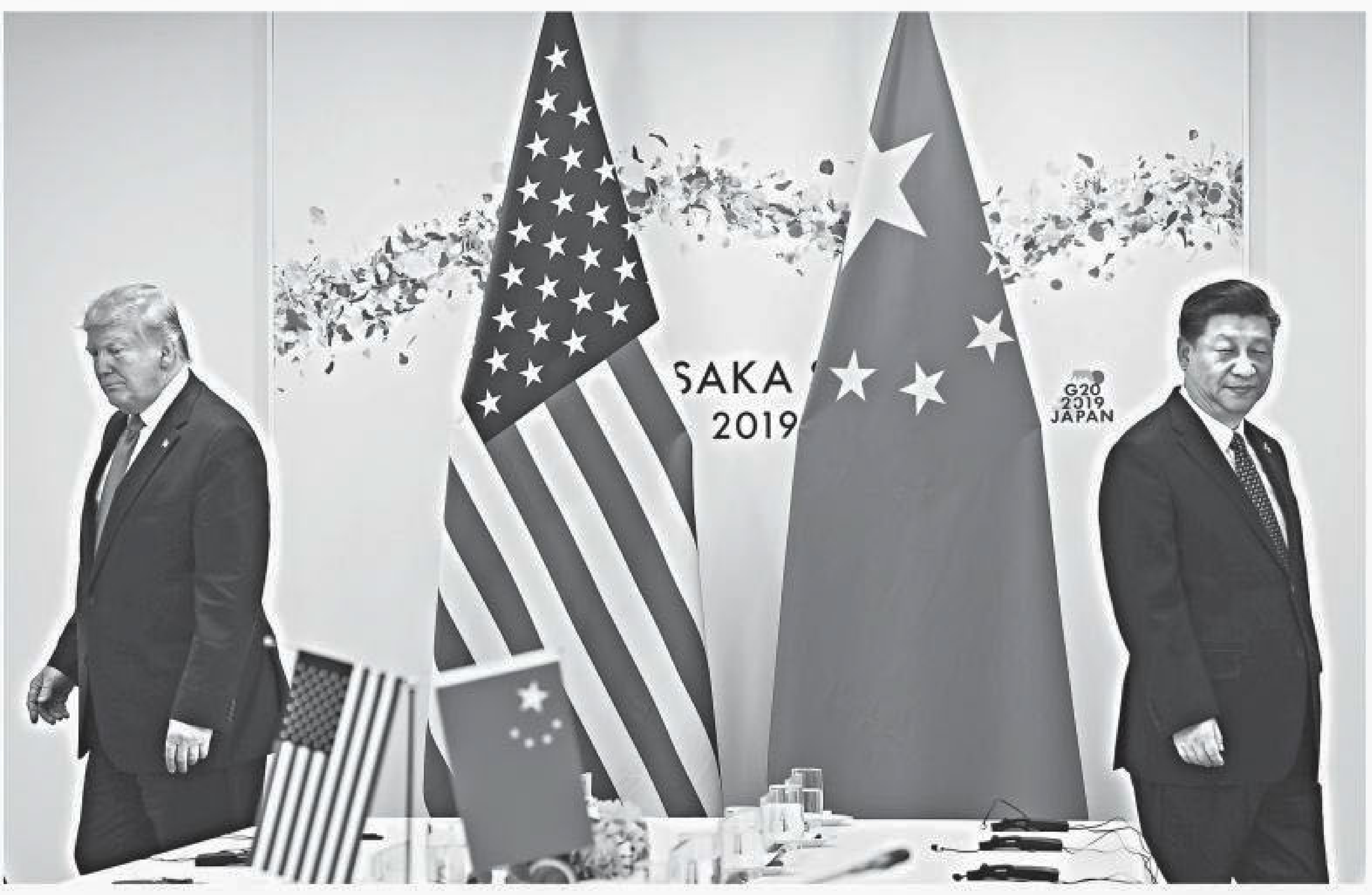
Already high US import duties on footwear have continued to rise in recent years even as shoe prices have eased, according to the letter, meaning new tariffs almost certainly will be passed onto consumers.

US officials have delayed or canceled tariffs on some popular items until December, including some shoes, preventing price hikes from hitting just before the holiday shopping period.

But, even before they take effect, the tariffs threaten to drive up prices by straining manufacturers outside China to meet a sudden rush of demand, the letter said.

Trump has blown by turns hot and cold this month, thundering last week that US companies should withdraw from China but optimistically predicting a deal on Monday.

Trump's recent, more moderate tone helped stanch bleeding on Wall Street but was quickly met with skepticism by investors since Beijing did not seem to share that optimism.



AFP/FILE

US President Donald Trump (L) and Chinese President Xi Jinping are seen during their bilateral meeting on the sidelines of the G20 Summit in Osaka.

German unemployment stable despite recession warning

AFP, Berlin

Germany's labour market remains robust, but is starting to feel the impact of a slowing economy, official data showed Thursday.

Federal labour agency (BA) chief Detlef Scheele said in a statement that "the weak economic phase" Germany is experiencing has also left "a slight mark" on the job market amid fears of a looming recession, but "all in all, however, it is proving to be robust".

Seasonally-adjusted figures showed five percent of people out of work in August, the same level for the previous three months consecutively.

However in absolute terms -- widely referenced in public debate but less representative of underlying trends -- unemployment increased 44,000 month-on-month to 2.32 million people out of work.

Meanwhile, vacancies fell by 8,000 in August, also in adjusted figures -- the fifth consecutive decrease in a row.

The slight drop in figures mirrors a more worrying trend in Europe's biggest economy with the central bank or Bundesbank having last week issued a warning that Germany could enter recession in the third quarter.

Falling orders against the backdrop of a trade war between the US and China, two of its main customers, have hit Germany's manufacturing industry hard.

The outlook for German growth "is not good" and "dark clouds are fuelling fears in the labour market", says Martin Mueller, labour market expert at KfW Bank, but "there is no sign of a recession yet, however."

At regional level, the unemployment rate remains at its lowest in Bavaria, at 2.9 percent, and Baden-Wuerttemberg, 3.3 percent.

It remains highest in the capital Berlin, at eight percent, and the state of Bremen, where it is a Germany-high figure of 10.3 percent.

REUTERS/FILE

People work at the coal power plant Scholven of German energy utility company Uniper in Gelsenkirchen, Germany.

Tesla rolls out insurance in California

REUTERS

Tesla Inc said on Wednesday it was launching an insurance service designed to give drivers in California, its biggest market, lower rates because of safety features on its electric vehicles.

Chief Executive Elon Musk has been one of the strongest proponents of the idea that car insurance rates should plummet as driver-assist and self-driving technology become standard. Tesla said rates of its new plan were as much as 20 percent lower than those of rivals but did not provide comparisons.

The company did not name an insurance partner, but the California Department of Insurance website showed Tesla was licensed as a broker to conduct business on behalf of the State National Insurance Company Inc, a unit of Markel Corp.

Tesla has said its Model 3 sedan had the lowest probability of injury of vehicles tested by the U.S. National Highway Traffic Safety Administration. The agency responded that Tesla was making "misleading statements" and last October sent the company a cease-and-desist letter over the claims.

The company's cars generally rank among the most expensive vehicles to insure due to their high repair costs for components and sensor equipment, according to safety researchers and insurance providers.

A 2018 review by financial research provider 24/7 Wall St., analyzing claim frequency and insurance cost data by the Insurance Institute for Highway Safety, ranked the Tesla Model S and Model X at the top of the list of most expensive vehicles to insure.

Representatives of State National Insurance Company did not immediately return calls and emails requesting comment.

Tesla said it would offer "comprehensive coverage" and claims processing to customers in California, and that it would expand to additional U.S. states in the future.

State National filed an application for the Tesla program in November 2018, which California regulators approved in April.

The use of data from vehicles and consumers will allow for lower costs to attract and service insurance customers, State National wrote in a memorandum that was part of the application.

Data from Tesla vehicles, when in autonomous mode, "will decrease the frequency and severity of collision claims for Tesla owners," a factor that State National said will allow it to offer insurance at a lower cost.

Its insurance pricing also cuts out certain fees that traditional insurers charge, Tesla said. The nature of those fees is unclear.

Elon Musk

UK deadline looms for bank payouts over PPI scandal

AFP, London

Britons faced a crunch deadline Thursday to claim compensation for mis-sold insurance that is costing UK banks billions of pounds, while tarnishing their battered reputations further following several financial scandals.

Customers have until 11:59 pm (2259 GMT) to question lenders whether they have had Payment Protection Insurance added to credit products such as loans, mortgages or payment cards.

While PPI was intended to cover missed payments, for example if a policy holder lost their job, in many cases consumers were unaware the insurance had been added to a product, while others would never have benefitted despite pressured into taking it.

UK watchdog, the Financial Conduct Authority (FCA), this week said 36 billion ($44 billion, 40 billion euros) had been paid out in PPI compensation since the start of 2011, when banks lost a high court appeal against tighter regulation of the insurance.

Lloyds Banking Group (LBG), a lender bailed out by the UK government following the 2008 global financial crisis, is by far the worst affected, setting aside more than 20 billion, an amount likely to rise.

According to the FCA, an estimated 64 million PPI policies have been sold in the UK, the majority over a 20-year period to around 2010.

- 'Billions still owed' - Ahead of the deadline, consumers can contact banks and credit-product providers directly, asking them if they ever had PPI.

IEEMA

A delegation of the Indian Electrical and Electronics Manufacturers Association (IEEMA) led by Samir Kumar Ghosh meets Kazi M Aminul Islam, executive chairman of Bangladesh Investment Development Authority (Bida), recently. The association invited Bangladesh to participate in ELECRAMA 2020, where the IEEMA would showcase the Indian electrical industry, at India Export Mart in Greater Noida from January 18 to 22 in 2020.

S Korea Supreme Court orders retrial for Samsung heir

AFP, Seoul

South Korea's top court on Thursday ordered a new trial for Samsung heir Lee Jae-yong, who was convicted of offences including bribery and embezzlement in connection with the scandal that brought down former president Park Geun-hye.

The de facto head of the world's biggest smartphone and memory chip maker, Lee was jailed for five years in 2017 but freed a year later after an appeals court dismissed most of his bribery convictions and gave him a suspended sentence.

The Supreme Court set aside that decision Thursday and sent his case back for new proceedings.

The decision is a blow to the company, which is by far the biggest of the family-controlled conglomerates that dominate business in the world's 11th-largest economy, and crucial to the country's financial health.

It already faces a weak global chip market and fresh challenges from export restrictions imposed by Tokyo over key chipmaking chemicals amid a long-running dispute between the neighbours over wartime history.

Japan's move threatens to disrupt memory chip production and Lee has called it a "crisis", visiting Tokyo to seek to secure materials.

His court case centred on millions of dollars his firm paid to Park's secret confidante Choi Soon-sil, allegedly for government favours such as ensuring a smooth succession for Lee to take over the leadership of the sprawling conglomerate from his ailing father.

Chief Justice Kim Myeong-su said Thursday that Lee's case would be sent back for new proceedings to readdress multiple allegations, including bribery convictions that had been overturned by the appeals court.

Oil giants shower Qatar with crown jewels in race for LNG prize

REUTERS, London

When Royal Dutch Shell wanted to buy a stake last year in a promising exploration block off South Africa, Total, the asset's main shareholder, used its right to stymie the deal and acquired the share itself, only to sell it on to Qatar Petroleum.

The rapid turn of events caught some of those involved by surprise, according to company sources close to the transaction, whose details have not previously been reported.

For Total, it was part of a wider quest to tighten ties with Qatar Petroleum (QP) in an effort to secure a stake in the Gulf country's planned expansion of its liquefied natural gas (LNG) facilities, already the world's largest and one of the most lucrative projects in the energy sector.

The race for a role in the project has drawn in several of the world's largest energy companies, including Exxon Mobil and Shell, which have also offered QP stakes in some of their most prized ventures.

Energy companies see natural gas, the least polluting hydrocarbon, as a key fuel in the transition to a lower-carbon economy. Liquefying the gas allows its transportation to consumer countries such as India, China and Japan and demand for LNG is expected to soar in coming decades. Qatar's LNG production facilities, in which Total already holds a stake along with Shell, Exxon and ConocoPhillips, offer investors access to vast resources at among the cheapest production costs.

"That's a big, chunky piece of gas reserves. If you can buy into or somehow get involved in these projects, that might help (companies) on the reserves side," said Jason Feer, head of business intelligence at LNG shipbroker and consultancy Poten & Partners.

QP wants to expand its LNG production to around 110 million tonnes per annum from today's 77 mtpa over the next five years by building four new production facilities, known as trains.

The company is expected to announce its partners in the coming months, industry sources said.

The terms for the new production have not yet been revealed. They are likely to be less attractive than those for the original LNG facilities, but still among the most competitive in the world, Feer said.

"The returns on the expansion will be less merely because the risk from the earlier trains is largely gone ... There's no reason for the Qataris to give a better deal."

QP's overseas investments are part of a strategy under Chief Executive Saad Al Kaabi, who is also Qatar's energy minister, to expand its global operations.

Kaabi has made no secret of his intentions.

"We are looking for a lot of things (in our partners) including asset swaps, things that will help me in my international expansion," Kaabi told Reuters in 2018.

"If I don't get good deals, nobody will come."

The overseas investments and cooperation with foreign companies have also helped Qatar defy an embargo imposed by a number of neighboring countries led by Saudi Arabia in 2017 over allegations that Doha supports terrorism. Qatar denies the charges.

Exxon, the world's largest publicly traded oil major and the largest investor in Qatar LNG, has bolstered its global network with QP in recent months with a number of high-profile joint ventures.

Those include a $10 billion joint investment in the Golden Pass LNG project on the US Gulf Coast and a stake in Exxon's gas development off Mozambique, which is set to be one of the world's largest LNG projects in the next decade. Both firms also acquired exploration blocks off Brazil, Argentina and Cyprus.

Shell, the largest foreign investor in Qatar, has recently applied to join the board of the US-Qatari Business Council, industry sources said.

In 2014, Shell sold a 23 percent interest in a large project offshore Brazil to Qatar Petroleum International, then the country's foreign investment fund. The two companies also jointly won exploration rights in Mexico last year.

Rivals that are not part of the existing LNG production, including Chevron and Italy's Eni, also hope to win a foothold in the expansion.

Eni CEO Claudio Descalzi has visited Doha several times this year, company sources said, and Eni sold to QP stakes in a number of projects in Mozambique, Mexico, Morocco and Kenya.

Chevron last month teamed up with QP to build an $8 billion petrochemicals complex in Qatar.

A key requirement for QP is that partner companies remain heavily invested in any joint project, according to an executive at one oil major who spoke on condition of anonymity.

REUTERS/FILE

Saad Al Kaabi, chief executive of Qatar Petroleum, gestures during a news conference in Doha, Qatar.