BUSINESS

business

US Steel to lay off 2,500 workers in Slovakia

The layoff will affect some 2,500 of the nearly 12,000 workers at the Kosice plant located in Slovakia

Bratislava, Slovakia

The United States Steel Corporation said yesterday it would cut around a fifth of its workforce in Slovakia over by the next two years due to competition from cheap steel imports from outside the European Union.

The company also faulted EU environmental regulations that have driven up the cost of power used to run the massive plant.

The layoff will affect some 2,500 of the nearly 12,000 workers at the Kosice plant located in Slovakia's poorer east struggling with high unemployment.

The steel mill ranks among the largest employers in the eurozone country of 5.4 million people focused primarily on car production.

By the "end of 2021 we will reduce the number of employees working at US Steel Kosice and its subsidiaries by 2,500 employees," company president James Bruno said in a statement.

"We must act to protect our business and remain competitive," he added.

A month ago, management decided to idle one of the plant's blast furnaces and reduce the working week to four days to save on costs.

Slovak government officials were not available for immediate comment.

US Steel pointed to "higher electrical costs" and "CO2 credit costs that have risen five times in the past year" as significant factors in its decision to shed employees, according to a separate statement published on the company website.

EU industries using power generated from coal have faced rising costs to purchase pollution rights under the bloc's Emissions Trading System.

"Steel plants in Europe face substantial CO2 allowances costs, which our competitors from third countries massively exporting steel to Europe don't have to bear at all," the statement said.

In May, the European Steel Association (EUROFER) called for urgent action by EU policymakers to help the sector facing a flood of cheap steel exports deflected to the EU because of the US imposition of steel import tariffs in 2018.

USSteel Kosice is a key supplier for the Slovakia-based car plants, which include Volkswagen, PSA Peugeot Citroen, Kia and Jaguar Land Rover and have enjoyed record production in recent years.

Unemployment stood at 4.97 per cent in June in Slovakia, which expects economic growth to hit 3.5pc this year, followed by 3.4pc in 2020.

China opens up to more foreign investment

Pedestrians walk past a branch of a Thomas Cook travel agent's shop in London

China will remove shareholding limits on foreign ownership of securities, insurance and fund management firms in 2020

Foreign investors will also be encouraged to set up wealth management firms, currency brokerages and pension management companies

Beijing, China

China lifted some restrictions on foreign investment in the financial sector yesterday, as the world's second largest economy fights slowing growth at home and a damaging trade war with the US.

China will remove shareholding limits on foreign ownership of securities, insurance and fund management firms in 2020, a year earlier than originally planned, the Financial Stability and Development Committee said in a statement posted by the central bank Saturday.

Foreign investors will also be encouraged to set up wealth management firms, currency brokerages and pension management companies, the statement said. Beijing has long promised to further open up its economy to foreign business participation and investment but has generally dragged its feet in implementing the moves -- a major point of contention with Washington and Brussels.

Yesterday's announcement followed a Friday meeting chaired by economic czar Liu He where policymakers focused on tackling financial risk and financial contagion and pledged new steps to support growth, according to a state council statement.

Additional measures include scrapping entry barriers for foreign insurance companies like a requirement of 30 years of business operations and cancelling a 25 per cent equity cap on foreign ownership of insurance asset management firms.

Foreign owned credit rating agencies will also be allowed to evaluate a greater number of bond and debt types, the statement said.

US President Donald Trump has launched a damaging tariff war in an attempt to force Beijing to further open up its economy and limit what he calls its unfair trade practices.

The US and China have hit each other with punitive tariffs covering more than $360 billion in two-way trade.

Trump and Xi Jinping agreed to revive fractious trade negotiations when they met on the sidelines of the G20 summit in Japan on June 29 and top US and Chinese negotiators have held phone talks this month.

Equifax close to $700m settlement for data breach: report

Washington, United States

US credit agency Equifax is close to a $700 million settlement agreement with authorities over the theft of sensitive personal data of nearly 150 million customers, the *Wall Street Journal* reported.

The company, which gathers data on consumers to help lenders determine borrowers' creditworthiness, revealed in 2017 that hackers had stolen the personal details, including names, dates of birth and social security numbers of nearly half the country.

It prompted the resignation of CEO Richard Smith and several other executives, while chief information officer Jun Ying was charged for insider trading after liquidating his shares when the company discovered the breach.

The deal could be announced as soon as Monday, the paper reported Friday, citing anonymous sources. The amount could still change depending on the number of plaintiffs who join a class action lawsuit against Equifax, they added.

Regulators will also ask the firm to strengthen its control procedures, risk management, and security systems at an additional cost of $1.25 billion, the report said.

Equifax were sued for having identified but not corrected the breach, having insufficient security systems and delaying reporting the problem.

The incident prompted a public outcry and a congressional probe.

Lebanon parliament passes 2019 austerity budget

Beirut, Lebanon

Lebanon's parliament Friday approved a 2019 austerity budget aimed at rescuing an economy crumbling under massive debt and unlocking billions of dollars in international aid, state media reported.

The vote came nearly two months after cabinet approved the budget, which is expected to trim Lebanon's deficit to 7.59 per cent of gross domestic product -- a nearly 4-point drop from the previous year.

The deficit was 11.2pc of GDP in 2018.

Lebanon is one of the world's most indebted countries, with public debt estimated at 141 percent of GDP in 2018, according to credit ratings agency Moody's.

The state-run *National News Agency* (NNA) said "parliament passed the 2019 budget", but gave no further details. Officials were not immediately available to comment on the vote.

Representative picture

Before the vote dozens of retired military and security personnel demonstrated outside parliament to denounce a decision to reduce their pensions as part of the austerity package.

Army veterans will face new taxes on their pensions as a result of budget cuts, Defence Minister Elias Bou Saab said on Friday.

Protesters clashed with security forces as they tried to breach a barbed-wire barricade erected outside parliament.

They criticised officials for targeting public sector pensions as part of the austerity package, while failing to enact more meaningful reforms, such as battling rampant corruption.

Friday's vote also capped days of heated parliamentary debates, broadcasted live on television, over proposed budget cuts.

According to *NNA*, 18 lawmakers voted against the 2019 budget, while 83 voted in favour.

Growth in Lebanon has plummeted in the wake of political deadlocks in recent years, compounded by the 2011 breakout of civil war in neighbouring Syria.

The country has been racking up public debt since the end of its own 1975-1990 civil war, which now stands at more than 150 percent of GDP, according to the finance ministry.