

BP sells petrochemical arm to Ineos for \$5 bn

BP is targeting “net zero” carbon emissions by 2050

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AFP | London

British energy group BP, hit hard by the coronavirus pandemic slashing demand for oil, announced yesterday the sale of its petrochemical business to privately-owned rival Ineos for \$5.0 billion (4.4 bn euros).

“The agreed sale... will further strengthen BP's balance sheet and delivers its target for agreed divestments a year earlier than originally scheduled,” a statement said.

BP chief executive Bernard Looney added: “I recognise this decision will come as a surprise and we will do our best to minimise uncertainty. I am confident however that the businesses will thrive as part of Ineos, a global leader in petrochemicals.”

BP said that 1,700 staff employed by its petrochemical business worldwide were expected to transfer to Ineos on completion of the sale that meets a \$15-billion divestment target one year early.

“Today's agreement is another deliberate step in building a BP that can compete and succeed through the energy transition,” Looney said.

The Irish national, who be-



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BP CHIEF EXECUTIVE BERNARD LOONEY

came CEO of BP in February, is targeting “net zero” carbon emissions for the company by 2050.

In the immediate future, BP

must rebuild its finances, having earlier this month said it would take a hit of up to \$17.5 bn in the second quarter.

With the coronavirus fallout

ravaging global oil demand, BP has decided also to axe around 10,000 jobs, or 15 per cent of its global workforce.

After companies worldwide

closed their doors and airlines grounded planes at the height of the COVID-19 outbreak towards the end of the first quarter, oil prices dropped off a cliff, causing them to briefly turn negative.

Prices have however rebounded sharply in recent weeks as governments ease lockdowns and businesses slowly reopen.

‘Top-class business’

“We are delighted to acquire these top-class businesses from BP, extending the Ineos position in global petrochemicals and providing great scope for expansion and integration with our existing business,” Ineos founder and chairman Jim Ratcliffe said in a separate statement Monday.

BP's aromatic and acetyls business consists of 15 sites -- five in the Americas, two in Europe and eight across Asia.



Ineos will pay \$4.0 billion to BP upon completion of the deal -- and the remaining \$1.0 billion by June 2021.

“Aromatics provides the building blocks for the global polyester industry, key to fibres, films and packaging,” Ineos said in its statement.

“Acetyls support a wide range of downstream industries in food flavouring and preservation, pharmaceuticals, paints, adhesives and packaging,” it added.

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The sale “raises cash for a firm that has been severely hit by the pandemic, while streamlining and potentially reinventing the oil giant (BP) into a different kind of energy company”, said Connor Campbell, analyst at Spreadex trading group.

Ineos, majority-owned by British billionaire Ratcliffe, employs around 22,000 people across 26 countries.

In 2005, Ineos spent \$9.0 billion on purchasing chemical assets and refineries from BP. Under previous CEO Bob Dudley meanwhile, BP kick-started a \$15-billion divestment programme.

In the past year, the energy major agreed also to sell its Alaska operations to Hilcorp Alaska for \$5.6 billion.

Together the disposals were initially aimed at recouping \$10 billion to finance BP's \$10.4-billion purchase of US oil and gas operations belonging to mining group BHP Billiton.

Zimbabwe halts stock trading, transfers to defend currency

Harare

Zimbabwe's stock exchange suspended trading yesterday following a weekend government order that also forced mobile money transfer platforms to temporarily halt business as authorities tried to protect the country's currency.

As galloping inflation has ratcheted up tension, the Information Ministry permanent announced in a surprise statement late Friday the immediate suspension of trade on the ZSE and transfers on mobile money platforms that are key to retail trade.

Information Ministry Permanent Secretary Nick Mangwana blamed mobile money transfer platforms for causing a gap between the market exchange rate for the Zimbabwean dollar and the official exchange rate.

He said government was in “possession of impeccable intelligence ... whereby mobile-based phone systems... are conspiring with the help of the Zimbabwe Stock Exchange -- either deliberately or inadvertently -- in illicit activities that are sabotaging the economy.”

He singled out one service provider as “the central pivot of the galloping black market exchange rate therefore fueling the incessant price hikes of goods and services that are bedevilling the economy and causing untold hardship to the



Inflation has been quickly eroding the value of the Zimbabwean dollar

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people of Zimbabwe.”

Zimbabwe Stock Exchange (ZSE) chief executive Justin Bgoni then said “whilst we await guidance from our regulators on the operational modalities going forward, we notify our stakeholders that trading has been suspended until further notice”.

The dramatic move to shut

the stock exchange and limit mobile money payments is “disturbing” according to economists.

“This is one more nail in the coffin for the economy and again no one can predict the long-term impact,” said Professor Tony Hawkins of the University of Zimbabwe.

“It's going to cause uncertainty and negatively affect investor confidence. It means for those who have been using the stock exchange to secure their Zimdollars by buying shares, this has been closed up,” said Hawkins.

Another ‘nail in the coffin’ - In the meantime, the central bank issued a statement that said mobile money transfers had not been completely blocked, but capped at the equivalent of

just about US\$87 per day.

It said “these unprecedented measures have been necessitated by the need to protect consumers on mobile money platforms which have been abused by unscrupulous... individuals and entities to create instability and inefficiencies in the economy.”

But the latest announcements have added confusion to an already restless population in the crisis-ridden country.

The government order targeted in particular mobile money transfer agents who took in and paid out cash.

“For some people being a mobile money transfer agent was a means of livelihood though the commission they were getting from service providers so these people are going to find themselves with no income if that was their sole source of income,” said Beavan Chirime, a Harare resident.

Zimbabwe is being buffeted by its worst economic crisis in over a decade, including scarcity of basics like fuel and cornmeal.

Prices of basic goods shoot higher every week as the value of the Zimbabwean dollar continues to tumble, pushing official annual inflation to 785.6 per cent in May.

Last week the price of fuel went up by 152 percent after the central bank relaunched foreign currency auctions last held 16 years ago.

Broadway closed until at least Jan

New York

New York's iconic Broadway theater district will stay closed through the end of the year, its trade association said Monday, due to the unpredictability of the coronavirus pandemic.

The Broadway League did not set a date for performances to resume, but is offering refunds and exchanges for tickets purchased for all shows through January 3, 2021.

The association said plans to safely re-open New York's most bankable tourist attraction were being developed, including on screening and testing showgoers, along with cleaning and sanitizing protocols.

The Broadway League projected that performances could resume in early 2021

“over a series of rolling dates” to end its longest shutdown in history.

“The alchemy of 1,000 strangers bonding into a single audience fueling each performer on stage and behind the scenes will be possible again when Broadway theaters can safely host full houses,” Thomas Schumacher, chairman of the board of The Broadway League, said in a statement.

“The safety of our cast, crew, orchestra and audience is our highest priority and we look forward to returning to our stages only when it's safe to do so,” he added.

Along with virtually all events in the city, Broadway's theaters shut in mid-March, when 31 productions were running and eight were in rehearsals with spring opening dates.



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