

Business

# British PM orders energy price cap, sending shares tumbling

## Price cap will apply to most common tariffs

**MANCHESTER:** Britain Prime Minister Theresa May said yesterday she would impose a price cap on the energy market to help millions of households, sending stocks in the country's largest energy provider, Centrica to a 14-year low. May had proposed a price cap on the sector earlier this year, the biggest market intervention since it was privatized almost 30 years ago, but the plan was thrown into doubt after her ruling Conservative Party lost their parliamentary majority in an election in June.

Needing to win back voters who are struggling with rising prices, she returned to the theme yesterday. Energy bills have doubled in Britain over the past decade to an average of about 1,200 pounds (\$1,500) a year, putting the biggest providers in the sights of politicians.



"While we are in favor of free markets we will always take action to fix them when they are broken, we will always take on monopolies and vested interests when they are holding people back," May told the Conservative Party's annual conference. "One of the greatest examples in Britain today is the broken energy market," she said, adding that a price cap would help end "rip-off energy prices".

Britain's energy market is dominated by the so-called big six providers—Centrica's British Gas, SSE, Iberdrola's Scottish Power, Innogy's npower, E.ON and EDF Energy, which account for about 85 percent of the retail electricity market.

### Shares suffer

The announcement wiped more than 900 million pounds off the value of the two British listed companies Centrica and SSE alone. Shares in Centrica hit a near 14 year low of 177.8 pence per share. Shares in SSE, Britain's second largest sup-

plier, fell around 4 percent. SSE said it would look carefully at the proposals. "SSE believes in competition not caps, so if there is to be any intervention it should be simple to administer, time-limited, and maintain the principles of a competitive energy market to best serve customers' interests," the company said.

No one from Centrica was immediately available to comment. May's office said the cap would apply to so-called standard variable tariffs (SVTs) which are basic rates that energy suppliers charge if a customer does not opt for a specific plan.

Around 70 percent of households are on SVTs and data published by energy regulator Ofgem in December showed 91 percent of SSE's customers were on a SVT, along with 74 percent of Centrica's British Gas customers.

Ofgem said SVTs offered by the big six in August were on average almost 320 pounds (\$424) per year more expensive than their cheapest tariffs. Earlier this year the government ordered Ofgem to act on the issue of high bills and the regulator is in the process of consulting on a measure which would impose a price cap for the most vulnerable households.

Prime Minister May's office said Ofgem would be responsible for setting the new cap which would be a temporary measure kept under review. British business groups criticized the cap, with blue-chip lobby group the CBI calling it "an example of state intervention that misses the mark."

However the challenger small energy firm OVO Energy, which has around 800,000 customers, welcomed the decision. "This intervention will stimulate innovation and promote efficiency that will benefit millions of customers," said Stephen Fitzpatrick, OVO chief executive. —Reuters

## Price cap could help end rip-off energy prices



**MANCHESTER:** Britain's Prime Minister Theresa May delivers her speech on the final day of the Conservative Party annual conference at the Manchester Central Convention Centre in Manchester, northwest England yesterday. —AFP

## NBK Treasury Group newsletter

## Equity markets forge ahead

**KUWAIT:** Equity markets continued the trend of setting fresh records, as the S&P closed at an all-time high of 2,534.58. Asia-pacific markets followed suit, as regional developments drove trading. Meanwhile, Asia-Pacific currencies rose against the dollar, with the dollar index down to a level of 93.430. The yield on the 10-year US Treasury was flat at 2.319 percent, still down from 2.371 percent on Monday.

Britain's construction industry has contracted for the first time since the immediate aftermath of the Brexit vote, as rising political uncertainty led to a sustained drop in new work. September data revealed a difficult month for building companies, as new projects planned before the referendum failed to materialize. The drop in work-

Major Currencies			Major Crosses		
CCY	Closing Rate	YTD %	CCY	Closing Rate	YTD %
EUR/USD	1.1742	11.96	EUR/GBP	0.8870	4.09
GBP/USD	1.3234	7.60	GBP/JPY	149.37	3.68
USD/JPY	112.84	0.00	EUR/JPY	132.52	0.00
USD/CHF	0.9736	(4.51)	EUR/CHF	1.1433	0.00

load was attributed to a loss in confidence and subdued appetite for risk, especially in the commercial building sector. The headline reading on the Markit UK construction PMI report fell to 48.1 last month from 51.1 in August.

Producer prices increased better than expected showing good signs of inflationary pressures in the Eurozone. The release is welcomed as markets await the ECB's decision on

reducing their QE program later in the month. Reports show that prices increased by 0.3 percent in August against a 0.1 percent expected. Annually, prices are now 2.5 percent higher.

In commodities, gold prices rose yesterday after hitting a 7-week low in the previous session, supported by a dollar pull back from a monthly high against a basket of currencies. Gold was up 0.3 percent to 1,275.34.

## Social businesses bring Thai hill products to IKEA

**DOI TUNG, Thailand:** Since leaving behind conflict and poverty in their native countries, Kam Kampun and Nittaya Soponprakobkit have not ventured beyond the forested hills in northern Thailand they now call home. Without Thai ID cards, their movement is restricted. Their hand-

made creations, however, are set to travel the world.

Kampun, 60, makes beautiful paper from mulberry bark and Nittaya, 32, has woven striking black, white and grey textiles which are now on sale in IKEA stores across Europe. The pair work for the Doi

Tung Development Project, one of Thailand's oldest and most established social enterprises, which employs hill tribe communities, many of whom are stateless. From this month, their products can be bought at IKEA stores in six European countries, including Britain and Sweden, as part of a limited-edition collection called EFTERTANKE ("reflection") launched by the world's biggest home furnishings retailer. This is the sixth and largest collection Doi Tung has produced for IKEA in a decade-long partnership. Some 200,000 products - made of textiles, pottery and paper - have been

crafted by about 330 artisans, three quarters of them women. "I cannot go anywhere (in) or outside the country, but my products can be sold in other countries," Nittaya, a native of Yunnan in China who started helping her family farm opium aged six, told the Thomson Reuters Foundation proudly.

In Thailand, a middle-income country of 66 million people, about 7 million live in poverty and one-third of 15-year-olds are illiterate, according to the World Bank. There are nearly half a million stateless people, who are not recognized as nationals of any country, government figures show. —Reuters

## Major companies fail to disclose slavery risks, say UK experts

**LONDON:** Some of the world's top brands including confectioners, jewellers and cosmetics giants are failing to disclose slavery and trafficking risks in their operations and supply chains, British anti-slavery experts said yesterday.

Under Britain's 2015 Modern Slavery Act, all businesses with a turnover of more than 36 million pounds (\$48 million) must produce an annual statement outlining actions they have taken to combat slavery in their supply chains. CORE, a watchdog on corporate accountability, said a study of 50 big name brands showed many statements were short on detail and lacked transparency. Five appeared not to have filed any statement.

An estimated 24.9 million people are in forced labour globally, according to the International Labor Organization. "The level of complacency from major companies, particularly those that trumpet their corporate social responsibility, is startling," CORE's director, Marilyn Croser, said in a statement.

"Genuine transparency about the problems is needed, not just more PR." The study looked at statements from companies sourcing raw materials linked to labour exploitation, including cocoa from West Africa, mined gold, mica from India, Indonesian palm oil and tea from Assam.

### Not meeting legislation

It also examined those involved in high-risk sectors such as clothing, hotels, con-

struction and Premier League football clubs, which are considered high-risk partly because of their hospitality and merchandising operations.

Although child labor and forced labor are endemic in West African cocoa production, CORE said Mars was the only chocolate company of those studied to specifically acknowledge possible risks in the supply chain. Other companies, including Ferrero and Lindt & Sprungli, failed to provide information on their supply chains, it said.

Cosmetics giants, including L'Oréal and Estée Lauder, also made no mention of the risks of slavery associated with mica, a sparkly mineral used in make-up, the report said. Most mica comes from northeast India where around 20,000 children are estimated to work in hundreds of mica mines.

Researchers said leading jewelry firms, including Tiffany and Pandora, had also failed to include any detail on slavery and trafficking risks linked to gold-mining, despite estimates suggesting close to one million children work in gold mines. Pandora told the Thomson Reuters Foundation it focused as much as possible on using recycled gold. "We take this issue very seriously - 86 percent of our gold is recycled and 100 percent is certified," said Claus Teilmann, the company's vice president of ethics.

None of the other companies were immediately available for comment. The report also said only one of the five tea companies studied referred to Assam in northeast India, a region where low wages have been linked to human trafficking on tea estates. CORE said just over 3,000 companies had met a Sept. 30 deadline for filing statements under the Modern Slavery Act, meaning thousands had failed to comply. It added that many of the statements in its study were not signed by a director as required by legislation. —Reuters

## EXCHANGE RATES

### AL-MUZAINI EXCHANGE CO.

#### ASIAN COUNTRIES

Japanese Yen	2.689
Indian Rupees	4.636
Pakistani Rupees	2.872
Sri Lankan Rupees	1.973
Nepali Rupees	2.902
Singapore Dollar	223.710
Hongkong Dollar	38.786
Bangladesh Taka	3.702
Philippine Peso	5.944
Thai Baht	9.090

#### GCC COUNTRIES

Saudi Riyal	80.827
Qatari Riyal	83.249
Omani Riyal	787.162
Bahraini Dinar	804.840
UAE Dirham	82.523

#### ARAB COUNTRIES

Egyptian Pound - Cash	19.850
Egyptian Pound - Transfer	17.125
Yemen Riyal/for 1000	1.217
Tunisian Dinar	124.650
Jordanian Dinar	427.520
Lebanese Lira/for 1000	2.019
Syrian Lira	0.000
Morocco Dirham	32.465

#### EUROPEAN & AMERICAN COUNTRIES

US Dollar Transfer	302.900
Euro	358.030
Sterling Pound	403.160

Canadian dollar	243.980
Turkish lira	85.560
Swiss Franc	313.240
Australian Dollar	239.590
US Dollar Buying	301.700

#### GOLD

20 Gram	249.070
10 Gram	127.450
5 Gram	64.570

### DOLLARCO EXCHANGE CO. LTD

#### Rate for Transfer

US Dollar	302.100
Canadian Dollar	244.875
Sterling Pound	408.660
Euro	359.530
Swiss Franc	293.695
Bahrain Dinar	801.800
UAE Dirhams	82.640
Qatari Riyals	83.465
Saudi Riyals	81.420
Jordanian Dinar	427.375
Egyptian Pound	17.133
Sri Lankan Rupees	1.975
Indian Rupees	4.631
Pakistani Rupees	2.866
Bangladesh Taka	3.721
Philippines Peso	5.947
Cyprus pound	17.979
Japanese Yen	3.705
Syrian Pound	1.590
Nepalese Rupees	2.902

Malaysian Ringgit	72.835
Chinese Yuan Renminbi	46.145
Thai Bhat	10.105
Turkish Lira	85.730

### BAHRAIN EXCHANGE COMPANY

CURRENCY	BUY	SELL
<b>Europe</b>		
British Pound	0.394959	0.404959
Czech Korune	0.005723	0.017723
Danish Krone	0.043798	0.048798
Euro	0.350810	0.359810
Georgian Lari	0.121953	0.121953
Norwegian Krone	0.033961	0.039161
Romanian Leu	0.077530	0.077530
Russian ruble	0.005222	0.005222
Slovakia	0.009030	0.019030
Slovenian Krona	0.033220	0.038220
Swiss Franc	0.304937	0.315937
<b>Australasia</b>		
Australian Dollar	0.229620	0.241620
New Zealand Dollar	0.211070	0.220570
<b>America</b>		
Canadian Dollar	0.237449	0.246449
US Dollars	0.298800	0.303220
US Dollars Mint	0.299300	0.303220
<b>Asia</b>		
Bangladesh Taka	0.003247	0.003831

Chinese Yuan	0.044012	0.047512
Hong Kong Dollar	0.036699	0.039449
Indian Rupee	0.004201	0.004889
Indonesian Rupiah	0.000018	0.000024
Japanese Yen	0.002606	0.002786
Korean Won	0.000255	0.000270
Malaysian Ringgit	0.067952	0.073952
Nepalese Rupee	0.003022	0.003192
Pakistan Rupee	0.002747	0.003037
Philippine Peso	0.005844	0.006144
Singapore Dollar	0.217230	0.227230
Sri Lankan Rupee	0.001599	0.002179
Taiwan	0.009843	0.010023
Thai Baht	0.008734	0.009284
<b>Arab</b>		
Bahraini Dinar	0.796454	0.805954
Egyptian Pound	0.014216	0.020124
Iranian Riyal	0.000084	0.000085
Iraqi Dinar	0.000193	0.000253
Jordanian Dinar	0.422613	0.431613
Kuwaiti Dinar	1.000000	1.000000
Lebanese Pound	0.000150	0.000250
Moroccan Dirhams	0.021209	0.045209
Omani Riyal	0.780333	0.786013
Qatar Riyal	0.078909	0.083849
Saudi Riyal	0.079687	0.080987
Syrian Pound	0.001284	0.001504
Tunisian Dinar	0.118979	0.126979
Turkish Lira	0.079931	0.090231
UAE Dirhams	0.081043	0.082743
Yemeni Riyal	0.000984	0.001064