Conservative Alabama could become home to Amazon's first union in US

'No longer the perfect place for companies to do business'

BIRMINGHAM, US: Poor and conservative, the state of Alabama seemed like the perfect place for companies to do business without having to deal with labor unions. That is, until a handful of Amazon employees stood up to the world's richest person and demanded representation at the bargaining table.

It comes to a head this week: Today is the deadline for employees at an Amazon warehouse in Alabama to vote on establishing the first union on US soil at the massive tech company. The case is being closely watched because it could pave the way for further unionization in the United States at one of the world's most powerful companies. Bernie Sanders, the independent senator and progressive darling, said here Friday during a visit to endorse the unionization drive that he was very encouraged by it.

"This is historically a very anti-union state. That's why I am incredibly moved and impressed by courage of these workers," Sanders said Friday outside the regional headquarters of the Retail, Wholesale and Department Store Union. It would represent the 5,800 workers at the Amazon warehouse in nearby Bessemer if the employees vote to unionize. The rapper Killer Mike, who also paid a visit to support the Amazon workers, noted that the Reverend Martin Luther King held his first civil rights rallies not in Atlanta, the city he is most associated with, but in Birmingham, the capital of Alabama.

"This is very much a tradition of Alabamians, to be organizing on behalf of the larger population," the rapper said. The RWDSU union took part in civil rights marches along with King in the 1960s and with John Lewis, another icon of that movement, in Selma, Alabama. In the 1920s and 30s Alabama did see strong bursts of pro-union sentiment, mainly in steel factories around Bessemer, said historian Michael Innis-Jimenez.

But otherwise "the reputation of Alabama being anti-union is pretty well deserved," said Innis-Jimenez of the University of Alabama. "We have the only Mercedes plant in the world that is not unionized and that's in Tuscaloosa," he added. In Alabama, management can fire a worker without even having to give a reason, he said. Historically, industries in the northeast moved to the south because labor here is cheaper and workers were easier to fire and less likely to unionize, he said. Amazon opened the Bessemer facility a year ago for the same reason it set up others around the country: to meet red hot demand for Amazon's online retail services. But Amazon never expected 3,000 workers at the plant to sign an agreement in principle with the RWDSU to form a union. Two factors set this case apart from, say, the non-union Mercedes plant: a union with roots here, one which took part in the civil rights movement, and workers who are mainly African American.

BIRMINGHAM, Alabama: A person holds "Vote Union Yes!" signs during a protest in solidarity with Black Lives Matter, Stop Asian Hate and the unionization of Amazon.com, Inc. fulfillment center workers at Kelly Ingram Park. — AFP

One of them, Darryl Richardson contacted the union late last year. He was sick of living in fear of being fired for nothing, of work breaks that were too short, of a frenetic pace on the job and what he called an overall lack of respect for workers. "I know what the union can bring," said 51-year-old Richardson, who has four kids. He has worked doggedly to convince colleagues to vote for the union in the interest of job security and other benefits.

Make history

Richardson said he used to work for a company that was a Mercedes subcontractor and went from making $12.50 to $23.50 an hour in the space of a few years. "And that's the union," he said. Amazon pays the Bessemer workers at least $15 an hour, which is double the minimum wage in Alabama. At the start of the pandemic it also paid its people an extra $2 an hour in hazard pay but withdrew this perk three months later.

That decision was among the factors that triggered the pro-union movement at the warehouse, said Joshua Brewer, president of the local branch of the union, as was the feeling that the workers were not properly protected against the coronavirus. "Generally when you have a company like Amazon, that was coming to Bessemer to bring this new advanced facility with all these great jobs, you don't really see that kind of problem. But within four months, workers had had enough," said Brewer.

In response to employee complaints carried in the press, Amazon touted what it called the high rates of pay at the warehouse and perks such as health insurance from day one of employment. These kinds of arguments worked well with younger workers who are less familiar with the world of labor unions. But the mood that has taken root at Bessemer is now galvanizing Amazon workers elsewhere in the US, the union and local elected officials say. "This movement couldn't happen anywhere else than here, where people died in the streets for the right to vote," said Christopher England, chairman of the Alabama Democratic Party. "No better place in the world to hold Jeff Bezos accountable than Alabama," said England. "We're going to make history again." — AFP

LONDON: People walk along the southern bank of the River Thames with the office towers of the City of London. Britain and the EU have reached a joint post-Brexit agreement on the regulation of financial services, the UK finance ministry announced on Saturday. — AFP

UK and EU agree on post-Brexit financial services regulation

LONDON: Three months after Britain exited the EU, London on Friday reached a cooperation agreement on financial services with Brussels but despite this first step rivalries between the two sides remain. The memorandum of understanding, which is still to be signed, will "create the framework for voluntary regulatory cooperation" and establish a regulatory forum which will "serve as a platform to facilitate dialogue on financial services issues", Britain's finance ministry said.

Rivalries still remain

London and Brussels reached a last-gasp free trade agreement on December 24, just days before Britain was due to leave Europe's single market and customs union on January 1. But the culmination of months of tense talks saw both sides agree to push back a decision on the finance sector, leaving it in limbo. International banks took an early gamble to prepare for the worst and the possibility of a "hard Brexit" by strengthening their European operations, which allowed for a smooth transition when Britain left the customs union.

'Mutual benefit'

"The relationship is more one of competition than cooperation at the moment," Sarah Hall, professor of economic geography at the University of Nottingham, told AFP. While the particulars of the agreement have not yet been released, the full text of the memorandum should be published once it is signed before an end of March deadline set by the UK and the European Union.

The City does not expect an ambitious agreement between the two sides, given the importance of the financial services sector to the British economy: it contributes about seven percent of GDP and 10 percent of the country's tax revenues amounting to £76 billion. The memorandum is also not anticipated to address the crucial issue of equivalence, which allows London-based firms to operate on the European continent.

For equivalence to be agreed, it has to be granted in 40 separate areas of activity and these can easily be revoked. For the time being, the EU has only granted two to Britain, while London has granted the EU equivalence in 17 areas. One of these, for example, allows European investors to use British clearing houses and another concerns securities deposits.

Brussels' approach to London in this regard has been less favorable than the 21 equivalences it has with the United States, the 19 it has with Japan and its 15 with Singapore. Miles Celic, chief executive of TheCityUK, which represents financial services firms, said "securing equivalence determinations from the EU has mutual benefit, especially as economies seek to recover from the pandemic".

He added in a recent statement that the delay already had "the unintended consequence of driving more European financial activity to non-European centers, such as New York".

Hall said Brussels had taken a hard line because the EU fears that the UK will end up diverging from European rules. "It seems clear that both the UK and the EU are currently working to support their own financial services sectors," she explained.

In an indication of the tensions between the two sides, the Governor of the Bank of England Andrew Bailey has not hesitated to criticize the EU's demands on several occasions. The loss of the European Economic Area (EEA) cross-border financial passport, which allowed UK companies to offer their services across Europe, has started to have an effect on the UK finance sector.

Amsterdam has overtaken the British capital in European equity trading. Some six billion euros departed London for the EU on the first day of trading after Britain departed the single market. It is still difficult to assess the damage to Britain, especially as the pandemic has blurred financial outcomes. However, Britain is already planning its fightback with an easing of stock market rules aimed at attracting start-ups, leading the charge on green finance and pivoting towards markets in Asia while potentially mulling other measures to attract investors. — AFP

Stocks rally on upbeat economic data

NEW YORK: Stock markets rose Friday after German, UK and US economic data provided a brighter outlook for major economies worldwide. London, Paris and Frankfurt extended a global rally heading into the weekend, buoyed by upbeat UK retail data and strong German business sentiment.

US stocks were helped by government data that showed no sign of rising inflation in February, soothing fears that the world's biggest economy could overheat. Both the Dow and S&P 500 closed the week out at all-time highs. Oil prices also bounded higher at the end of a rollercoaster week.

"Economic recovery optimism is boosting equity indices higher as we head towards the weekend," said OANDA analyst Sophie Griffiths. "Better-than-forecast US initial jobless claims, rebounding UK retail sales and stronger-than-expected German business sentiment are boosting" markets, she added.

In the United States, a Commerce Department report also said that prices grew less than expected at 0.2 percent in February, easing concern that government stimulus measures would cause inflation and force the Federal Reserve to raise interest rates sooner than expected. "This period of hesitation and rotation going on since mid-February is coming to an end," said Karl Haeling of LBBW, who expects a strong April for stocks.

In Asia, Tokyo, Hong Kong, Shanghai, Seoul, Mumbai and Taipei had each added more than one percent to get the day off to a good start. Even the widely-commented on blockage of the Suez Canal, a major transit route for global trade, failed to seriously dent market sentiment.

"We don't foresee any long-lasting implications," Capital Economics analysts said. "Countries will source commodities from elsewhere or draw down stocks until the canal reopens," they explained. Others pointed to the accident as having contributed to higher crude oil prices, however.

Meanwhile, European traders tracked efforts to get vaccination programs rolling to stem another wave of infections. Germany and France are among the countries that have come up with new containment measures, raising concerns the eurozone will take longer to emerge from the pandemic-induced economic crisis. — AFP

TOKYO: A pedestrian walks past an electronic quotation board displaying Japanese companies' stock prices on the Tokyo Stock Exchange in Tokyo on Friday. — AFP

Business Editorial

Middle East's 'green money' push intensifies

By Badar Chaudhry

What are the chances that fossil fuel operators in the historical epicenter of black gold thought five years ago that they'd be financing so much green energy today? The answer is very, very few. Even the optimists thought it'd take longer for this fundamental switch in energy economics.

But already, this 'new normal' is becoming very familiar. Every day, news headlines report on more and more ambitious multi-year, multi-investor renewable energy projects or green financings. This new status quo says it is abnormal not to be proactive in the energy transition, rather than the reverse narrative, which has persisted for nearly four decades.

Financial flows?

Changing attitudes across the board - governments, corporates, academia, and society - reflect a deep-rooted strategic change. For one, solar PV is expected to generate $182 billion investment in the renewables market in the Middle East by 2025, according to Frost & Sullivan. This also represents a staggering 18-fold growth in current capacity. And in the short-term, the International Energy Agency suggests the Middle East and North Africa to add 4.12GW of renewables capacity this year, after only 1.86GW in 2020 - more than doubling in just twelve months. Meanwhile, Kuwait is nearing completion of the region's biggest import terminal for liquified natural gas (LNG) - considered the 'cleanest' fossil fuel and a vital bridge in the new energy basket. What does this tell us? Eager investors with deep pockets who are confident that the massive push for a greener energy marketplace is here to stay.

The same mentality applies to hydrogen - coined the 'new oil' of the 21st century - as it experiences a 'real dawn' of increased scalability after a few false starts over the last decade. According to a Platts Analytics' hydrogen project database, the Middle East and Africa have many renewable-based green hydrogen projects set to come online within the next five years. One such mega-development is the $5bn NEOM renewable ammonia project in Saudi Arabia - earmarked as the world's largest green hydrogen project - and Oman's Sohar port's plans to support a large-scale renewable hydrogen project. And ADNOC, Mubadala and ADQ have signed a deal to establish the Hydrogen Alliance, helping the UAE's capital become a lead producer and exporter.

All this financial appetite really pays off, particularly when it comes to improving economies of scale with manufacturing and market price points. For example, high cost has long burdened the growth of the hydrogen market. But investors' growing interest - in large part spurred by broader societal and governmental demand for a greener future - means that low-carbon hydrogen may break even with grey hydrogen as early as 2028, a cost of about $35-50 per ton of carbon dioxide equivalent, according to the Hydrogen Council. This is at least two years earlier than the timeline expectations that many stakeholders voiced this time last year.

Balance sheets bruised - temporarily

Of course, energy stakeholders have not emerged from 2020 unscathed by the economic pressure of the pandemic-triggered recession. The total committed and planned investments in the MENA from 2020-2024 could exceed $792 billion - an 18 percent decline from the $965bn in the five-year outlook in 2019, according to Apicorp. Each country has had to balance their books. For example, Kuwait cancelled its 1.5GW Al-Dabdaba tender and Saudi Arabia has extended project deadlines due to COVID-19. And there are many questions still unanswered - all of which can significantly impact financial flows in energy.

The jury is still out on whether globalization 4.0 - which was accelerating pre-pandemic - will start to reverse, as cost-cutting measures potentially drive a long-term trend for more regional cooperation. If so, what impact will this have on energy supply chains, innovation centers, and import-export dynamics? Question marks also remain over the US-China relationship, Brexit, and instabilities in the Middle East - all of which impact the economic picture for both 'old' and 'new' energy. And the usual and long-running weak spots still need strengthening, including better support for new market entrants, especially entrepreneurs and small and medium-sized enterprises (SMEs), and fully addressing energy subsidy removals.

Yes, there is a lot of work to do - but the market has good reason to be positive. Consider that the aforementioned projects are still progressing despite the impact of the most globally disruptive pandemic in a century and the lowest oil prices ever recorded. Plus, assuming black swans stay clear, oil prices are likely to stay relatively close to the current range of $40-$60/bl, again giving energy stakeholders and investors a general goalpost to plan their finances in the year ahead - a coveted hint of certainty in a year that may be as unpredictable as 2020.

Note: Badar Chaudhry is Senior Vice President, Sector Head - Energy, Mashreq Bank