

Business

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Saudi could go carbon-neutral before its 2060 target: Minister

Circular carbon economy holds key to kingdom's net zero goal

RIYADH: Saudi Arabia could go carbon neutral before its 2060 target if technology evolves quickly enough, its energy minister said yesterday, days before the COP26 climate summit.

Prince Abdulaziz bin Salman said new processes enabling the "circular carbon economy"—a concept where waste carbon is captured and repurposed—were key to the world's top oil exporter achieving net zero. The kingdom, also one of the world's biggest polluters, is heavily promoting the virtues of the circular carbon economy (CCE) at the Future Investment Initiative conference in Riyadh, an elite business gathering dubbed "Davos in the desert". "CCE first and foremost depends on the evolution of technology," the minister told the conference, describing 2060 as a "dynamic baseline".

"Actually, if technology evolves even faster, we may not have to wait until 2060. It could bring it earlier." On Saturday, Saudi Arabia pledged to go carbon neutral by 2060. Two days later it announced a billion-dollar contribution to initiatives to fund the circular carbon economy and provide "clean" fuel for the world's poor. The United Nations says more than 130 countries have set or are considering a target of reducing greenhouse gas emissions to net zero by mid-century, an objective it says is "imperative" to safeguard a liveable climate.

World leaders will gather in Glasgow from Sunday for the UN's COP26, a historic summit billed as humanity's "last best chance" to get devastating climate change under control. "The most



RIYADH: Saudi Energy Minister Abdulaziz bin Salman (second right) participates in a panel during the annual Future Investment Initiative (FII) conference in the Saudi capital Riyadh yesterday.—AFP

daunting challenge that we are all faced with is climate change," the energy minister said, before adding that he did not expect any drop in demand for oil. "I still argue it would not happen," he said. Oil production remains the fundamental plank of

Saudi energy policy. This month, state-owned giant Saudi Aramco said it planned to raise production by a million barrels a day by 2027.

Two days after targeting carbon neutrality by 2060, and ahead of next week's COP26 global cli-

mate change summit, Crown Prince Mohammed bin Salman promised to contribute 15 percent of \$10.4 billion to fund the "circular carbon economy" and provide "clean fuel" to help feed 750 million people worldwide.—AFP

UK eyes solid recovery despite strong inflation

LONDON: Britain's pandemic-hit economy is set to extend its solid recovery into next year despite strong inflationary pressures, finance minister Rishi Sunak announced yesterday as he delivered the government's latest budget to parliament. Confirming plans for multi-billion-pound funding projects aimed at driving long-term recovery and reducing pressure on the state-run health service, Sunak added that the government was reducing state debt that soared during the pandemic.

And after triggering an outcry by cutting Britain's foreign aid budget, the chancellor of the exchequer vowed just ahead of a UN climate summit to restore the funding in the coming years where help for poorer countries will be pivotal. "Today's budget delivers a stronger economy for the British people: stronger growth, with the UK recovering faster than our major competitors," Sunak said in his speech.

Growth recovery

UK gross domestic product output is expected to rebound by 6.5 percent this year before slowing slightly in 2022, said chancellor of the exchequer Sunak. The 2021 forecast was much stronger than the 4.0-percent GDP growth predicted in March but Sunak added that the pace of output would slow to 6.0 percent next year.

Sunak said the UK economy was on course to



LONDON: Britain's Chancellor of the Exchequer Rishi Sunak (center) holds the Budget Box as he poses with members of his Treasury team prior to leaving 11 Downing Street in central London yesterday to present the government's annual budget to Parliament.—AFP

return to its pre-pandemic level at the turn of the year, while recognizing that "people are concerned about global inflation" which is rising at a fast pace as economies reopen after lockdowns. Sunak said the UK annual inflation rate was forecast to climb to an average of 4.0 percent over the next year from 3.1 percent currently, with price rises fuelled by soaring energy costs and supply constraints. Britain's growth expectation this year meanwhile compares favorably with Europe's biggest economy Germany, which Wednesday forecast GDP expansion of around 2.6 percent in 2021.

Germany's slower-than-expected rebound from a pandemic-induced slump last year was largely owing to bottlenecks in global supply chains, its government said. On the eve of its budget, the UK government revealed plans to raise minimum wage rates and end a

freeze on pay rises for public-sector workers.

But the boost to salaries is likely to be offset by rising inflation, which is denting Britons' spending power. A further hit has come from the government returning welfare benefit payments to pre-pandemic levels, after a temporary hike to help families through the virus outbreak.

British unemployment meanwhile risks soaring in the coming months after the government ended its costly jobs furlough scheme, which paid the bulk of wages for millions of private-sector workers during the pandemic. Government borrowing rocketed to around £320 billion (\$442 billion, 381 billion euros) in the financial year to March, driven higher by costly COVID support. That was equivalent to 14.9 percent of gross domestic product, the highest UK level since the end of World War II.—AFP

Turkey's hazelnut farmers fume at Nutella 'monopoly'

AKYAZI, Turkey: Kneeling from dawn till dusk, the Turkish farmers picking most of the hazelnuts going into Nutella spreads complain of exploitation and meager pay, setting up a clash over labor rights.

The little heart-shaped nut making Nutella such a guilty pleasure is a cherished commodity in Turkey, which accounts for 82 percent of global exports. But this love is not shared by Mehmet Sirin, a 25-year-old from Turkey's mostly Kurdish southeast who travels to lush northern valleys filled with hazelnut trees to make a living during harvest season.

"We work 12 hours a day. This is a demanding job," said Sirin, a hood protecting him from a cold drizzle covering the leafy ground where the hazelnuts hide after ripening and falling from the trees.

"The hazelnuts we pick go abroad and come back in the shape of Nutella. They make more profits than us. This is exploitation," he said in the Black Sea town of Akyazi. The world-famous

spread is made by Italy's Ferrero confectionary, Turkey's top hazelnut purchaser. The global giant's other sweets include Ferrero Rocher chocolates and Kinder chocolate eggs. But the Italian company is developing ill will in Turkey, where farmers get paid roughly 12 euros (\$14) a day collecting nuts off the ground and stuffing them into huge sacks they then lug on their backs.

"They have a monopoly, they have a free hand," said Aydin Simsek, 43, a local producer watching his dozen or so workers pick nuts out of the corner of his eye. "You see our conditions, how hard we work," he said, explaining that the price he gets for a kilogram (2.2 pounds) of hazelnuts has dropped to 22.5 liras (\$2.30). "This year, I will not sell my hazelnuts to Ferrero," he said.

'Market dynamics'

Ferrero has six facilities and employs more than 1,000 people in Turkey, where it has been sourcing hazelnuts across the agriculture-rich country's northern Black Sea regions for the past 35 years. In 2014, it acquired Turkey's Oltan Group—a local market leader that procures, processes and sells nuts.

A Ferrero spokesman told AFP that the Italian company does not directly "own or manage farms in Turkey and does not source hazelnuts directly from farmers". It "procures the hazelnuts it needs for its products respecting free



AKYAZI, Turkey: Workers collect hazelnuts at a nut orchard in the Akyazi district, in Sakarya.—AFP

market regulations and based on market dynamics," the Ferrero spokesman said. This argument leaves the Turkish farmers unimpressed.

"For God's sake, they buy hazelnuts for 22 to 23 liras a kilo and sell them for 23 dollars," the Turkish Chambers of Agriculture's Istanbul branch president Omer Demir fumed. "Turkey exports about 300,000 tons of hazelnut to the world. How strange that only foreign companies earn profits from this busi-

ness," he said with bitter irony. Demir said Ferrero and other global companies sourcing Turkey's hazelnuts provide tools and fertilizers for the farmers, paying for their harvests in advance.

"They are running their own show," Demir said, calling on Turkey's competition authority to intervene. "Otherwise, they will control everything everywhere and we will come to a point where we cannot sell our product to anyone else but them," Demir said.—AFP

Top US Democrat unveils proposed tax on super-rich

WASHINGTON: A top Democrat in the US Senate unveiled yesterday a plan to tax the very richest Americans in order to fund a massive spending plan backed by President Joe Biden. The proposed Billionaires Income Tax would apply to about 700 people with either \$1 billion in assets or \$100 million in annual income for three back-to-back years, and raise "hundreds of billions of dollars," according to Senator Ron Wyden, who leads the chamber's finance committee.

The tax is the latest attempt by Biden's Democratic Party to raise revenue to fund his massive social spending proposal, which will likely cost around \$2 trillion and could see Washington enact policies like universal pre-kindergarten and child-care subsidies. It would also aim Washington's taxation powers squarely at the country's billionaires, who have seen their wealth swell amid the suffering of the COVID-19 pandemic, fueling criticism that they're not contributing enough to the country. "Working Americans like nurses and firefighters pay taxes with every paycheck, while billionaires defer paying taxes for decades, if not indefinitely," Wyden said.

"The wealthiest few who avoid taxes by indefinitely holding assets are also able to borrow against those assets to fund their lifestyles. This means they opt out of paying taxes and instead pay only low interest rates on loans from Wall Street banks." If enacted, billionaires' assets such as stocks would be evaluated each year and taxes levied if they increased in value. If they decreased, taxpayers would take it as a write-off for potentially up to three years, according to the proposal.

This would be a change from current US law, where taxes on a stock's value are typically only paid if it is sold. Another new tax would be levied on sales of nontradable assets like real estate or business interests and account for interest on unpaid taxes during the years the person held it.

To address concerns that the tax could force wealthy people to sell off controlling stakes in companies, the proposal allows for an individual to designate up to \$1 billion of stock in a single business as a "nontradable asset." —AFP