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National Oilwell Varco starts joint venture with Saudi Aramco

Inside C2

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BMW says U.S. tariffs on EU cars may hit investment there

A 1963 BMW Isetta 300 is seen during a media tour of the Fullerton Concours d'Elegance in Singapore

BERLIN (Reuters) - U.S. tariffs on imported cars could lead BMW (BMWG.DE) to reduce investment and cut jobs in the United States due to the large number of cars it exports from its South Carolina plant, the German carmaker has warned.
President Trump's administration last month launched an investigation into whether auto imports posed a national security threat and Trump has threatened to impose a 20 percent tariff on all imports of EU-assembled cars.
"The domestic manufacture of automobiles has no apparent correlation with U.S. national security," BMW wrote in a letter to U.S. Secretary of Commerce Wilbur Ross this week, adding that imposing duties would not increase U.S. growth and competitiveness.
The BMW plant in South Carolina is its largest globally and ships more than 70 percent of its annual production to other export markets, the company said.
Chinese tariffs on U.S. passenger cars, imposed in retaliation for U.S. duties on Chinese goods, have already hiked up the cost of exporting to China, BMW said. Any U.S. tariffs would likely lead to further retaliatory measures from China and the European Union
"All of these factors would substantially increase the costs of exporting passenger cars to these markets from the United States and deteriorate the market access for BMW in these jurisdictions, potentially leading to strongly reduced export volumes and negative effects on investment and employment in the United States," BMW said in the letter.
Two major auto trade groups, one representing BMW among others, had earlier this week said that imposing up to 25 percent tariffs on imported vehicles would cost hundreds of thousands of jobs, dramatically hike prices on vehicles and threaten industry spending on self-driving cars.
"By insulating the United States from foreign competition, there is less incentive for American companies to strive to raise their productivity and look for ways and means of producing ever better goods (and services) ever more cheaply," BMW said.

Indigenous Mexicans spurn presidential vote with blockades, bulldozers

NAHUATZEN, Mexico (Reuters) - Mexican voters will stream to the polls this Sunday in a pivotal presidential contest, but leaders representing tens of thousands of indigenous people have vowed to block voting in their communities to protest a system they say has failed them.
Polls say Mexico is on the verge of electing its first leftist anti-establishment president in modern history, Andres Manuel Lopez Obrador. But the prospect of change has failed to resonate with inhabitants of small towns nestled in the lush, wooded countryside of southwestern Michoacan state.
Residents here have destroyed campaign signs and set up blockades to prevent the government from delivering ballots. Election officials have declared 16 towns here "unviable," and will not likely risk confrontation to force polling stations to open.
Among the no-go zones is the impoverished hamlet of Nahuatzen, where Purepecha indigenous locals grow avocados and eke out a living on tiny plots. On Thursday, several dozen men, some in cowboy hats, stood vigil near the town's entrance. They had laid a tree trunk across the road to stop outsiders from entering."The politicians haven't done anything besides enrich themselves and they've left us behind," said Antonio Arriola, a member of a recently-created indigenous council that has petitioned the Mexican government for autonomy.
Arriola and other local leaders grudgingly acknowledged some common ground with Lopez Obrador, the 64-year-old former Mexico City mayor who got his start in politics decades ago advocating for indigenous rights.

FILE PHOTO: A combination picture shows Mexico's presidential candidates addressing the audience during a conference in Guadalajara

The Daily

Mexican presidential candidate Jose Antonio Meade greets supporters during a campaign rally, in Saltillo

Supporters of Mexican presidential candidate Andres Manuel Lopez Obrador hold a banner with a painting resembling Lopez Obrador before his closing campaign rally at the Azteca stadium, in Mexico City

Malaysia's Prime Minister Mahathir Mohamad (C) and Indonesia's President Joko Widodo (2-R) perform Friday prayers after their meeting at the presidential palace in Bogor, West Java

Supporters of Mexican presidential candidate Andres Manuel Lopez Obrador wait for Lopez Obrador's closing campaign rally at Azteca stadium, in Mexico City

Southern DAILY Make Today Different

LOCAL

Heat advisory issued for Houston as temp index reaches 107

By Jay R. Jordan

Expect conditions to be hot and dusty Saturday.

Saturday's heat index could reach 107 degrees as the leading edge of the Saharan dust plume arrives in Texas, conditions that could cause health problems for those with allergies or respiratory troubles, experts said.

"This isn't a dust storm or big, unique event for us. This happens at least a few times a summer usually. The vast majority of us will notice more haze than usual and the color difference to the sky," meteorologist Matt Lanza wrote on spacecityweather.com.

If you must be outside, experts advise wearing loose-fitting clothing and drinking plenty of water. Take frequent rest breaks under shade or inside an air-conditioned environment. Children and pets should not be left inside vehicles under any circumstances, experts say

Actual temperatures could reach the mid-90s by the afternoon. The possibility of thunderstorms by the mid-week could bring slightly cooler temperatures on Independence Day, but they climb back up July 5, according to the NWS.

Text CHRON to 77453 to receive breaking news alerts by text message.

Houston's heat index will reach 108 degrees Friday, meteorologists say. In this photo, Chris Dusablon gets a drink of water as he takes batting practice at Alexander Deussen Park on Lake Houston in August,

National Oilwell Varco starts joint venture with Saudi Aramco

Houston's National Oilwell Varco will start a new joint venture in Saudi Arabia to build drilling rigs and equipment for the Kingdom's state oil company.

The NOV joint venture with Saudi Aramco is for the manufacturing of land rigs and other drilling and services equipment to feed Aramco's other JV with Nabors Industries, which operates out of Houston, to own and operate much of Aramco's onshore drilling operations. The Nabors deal was announced in late 2016.

Aramco and Nabors have agreed to purchase 50 rigs from the new NOV joint venture over a 10-year period. NOV will own 70 percent of the JV with Aramco.

NOV will expand its manufacturing facilities in Saudi Arabia and deliver the first new rig by 2021, said NOV Chairman an Chief Executive Clay Williams.

"We are excited to take this next step to bring together NOV's industry-leading technology, manufacturing expertise and rig products with Saudi Aramco's exploration and production capabilities," Williams added.

This deal comes as Saudi Arabia is trying to transfer more of the technologies used to unlock oil and gas from onshore shale rock in the U.S. to the Kingdom's "tight sand." In May, Aramco signed a deal with Houston-based Halliburton to provide its hydraulic fracturing technologies and services to the onshore Saudi market.

NOV and Aramco also will open a center to train Saudi technicians in the maintenance and operation of the drilling rig technologies.

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A Snapshot Of The World

Soccer Football - World Cup - Round of 16 - France vs Argentina - Kazan Arena, Kazan, Russia - June 30, 2018 Diego Maradona in the stands before the match REUTERS/Pilar Olivares TPX IMAGES OF THE DAY

A member of LGBT community takes part in a Gay Pride parade in Marikina, Metro Manila

U.S. President Donald Trump speaks to the press aboard Air Force One en route to Bedminster, New Jersey, from Joint Base Andrews

North Korea leader Kim Jong Un inspects Unit 1524 of the Korean People's Army (KPA) in this undated photo released by North Korea's Korean Central News Agency

Soccer Football - World Cup - Brazil Training - Brazil Training Camp, Sochi, Russia - June 29, 2018 Brazil's Neymar during training REUTERS/Hannah McKay TPX IMAGES OF THE DAY

A demonstrator fires a homemade mortar during a protest against Nicaraguan President Daniel Ortega's government in Masaya

A graduate adjusts the hat of a fellow graduate while preparing for a group photo after the joint military academies graduation ceremony, in Taipei

European Commission President Jean-Claude Juncker kisses an official on the head, next to Greek Prime Minister Alexis Tsipras as they arrive at a European Union leaders summit in Brussels, Belgium June 29, 2018. REUTERS/Francois Lenoir TPX IMAGES OF THE DAY

A peacock spreads its tail feathers at the Royev Ruchey zoo in Krasnoyarsk

Southern DAILY Make Today Different

COMMUNITY

Robots May Steal As Many As 800 Million Jobs In The Next 13 Years

Compiled And Edited By John T. Robbins, Southern Daily Editor

A new study by the McKinsey Global Institute estimates that between 400 million and 800 million of today's jobs will be automated by 2030.

The research adds fresh perspective to what is becoming an increasingly concerning picture of the future employment landscape. "We're all going to have to change and learn how to do new things over time," institute partner Michael Chui told Bloomberg.

In the U.S., it seems it's the middle class that has the most to fear, with office administrators and construction equipment operators among those who may lose their jobs to technology or see their wages depressed to keep them competitive with robots and automated systems.

In places where labor is cheaper and tech is more expensive, jobs may be less vulnerable than in more developed markets.

There will—of course—be new kinds of jobs, too, McKinsey's research arm said. As recently articulated by business leaders like Bill Gates and Autodesk chief Andrew Anagnost, an aging population may lead to more work for caregivers (unless they too are replaced by robots, as is happening in Japan) and for people who tend to the robots.

"There will be enough jobs for all of us in most scenarios," report co-author Susan Lund said, according to Wired. (Courtesy http://fortune.com)

RELATED

COMMENTARY AND OVERVIEW:

ROBOTS THREATEN BIGGER SLICE OF JOBS IN US, OTHER RICH NATIONS

Automation will reduce demand for crane operators in the US, Germany, and Japan, while demand for similar work is projected to boom in India and Mexico, according to a new report.

The world is commonly divided into industrialized and emerging economies. A new study of how technology will transform demand for workers suggests we might talk of the automated and automating worlds instead.

Economic think tank McKinsey Global Institute forecast changes in demand for different kinds of labor across 45 countries as technologies improve to perform physical or office tasks. One key result: Robots pose a more immediate and disruptive threat to the US middle class than they do to middle-income workers in less developed countries like India.

The report warns that in the US technology will crimp demand for many types of work, such as office administration and operating construction equipment. That would add to the existing squeeze on middle-class incomes by displacing some workers, and likely push down wages for those still employed in less in-demand work. Meanwhile, automation is forecast to be less marked in countries such as India, where the relative cost of new technology is much higher and labor much cheaper. That will allow developing-world incomes and the ranks of the middle class to keep growing healthily, the report says.

Overall, the MGI report guesses that automation will displace the jobs of 400 million to 800 million people between now and 2030. But it also looked at potential sources of new demand for labor and came up with good news. Plenty of new jobs should be created by things like companies spending the additional earnings unlocked by deploying automation, and the healthcare demands from aging populations. "There will be enough jobs for all of us in most scenarios," says Susan Lund, a co-author of the report.

MGI mapped possible futures for three rich, and three poor countries in particular detail—the US, Germany, Japan, Mexico, India, and China. In the most-likely scenario, 9 percent of work in India, 13 percent in Mexico, and 16 percent in China will be automated by 2030. In the US, Japan, and Germany, that figure will be closer to 25 percent.

The analysis suggests the prospects of traditionally middle-class occupations will differ markedly between rich and poorer countries in the next decade or so. In the three more prosperous countries, demand for office administrators is seen contracting 25 percent or more as software takes on more of that work, for example. But demand for such work will increase in the three poorer countries, the analysis finds, as incomes and consumer and business spending continue to grow.

China, which is more heavily industrialized than other emerging economies, sometimes occupies a middle ground in McKinsey's view of the road ahead. It has automation causing demand for crane operators to decline by between 15 and 24 percent in the US, Germany, and Japan, and by 5 to 14 percent in China, while booming 25 percent or more in India and Mexico.

Lund, the report co-author, says matching displaced workers to newly created jobs is the biggest challenge facing policymakers in America and elsewhere. In the US, MGI projects that the number of jobs requiring a college degree or more will grow, while jobs requiring less education will shrink.

But government and corporate spending on worker training has declined over the past two decades, and a recent report by the Brookings Institution found that the country has a severe and immediate problem with workers lacking relatively basic digital skills, such as familiarity with spreadsheets. A recent pledge by Google to give $1 billion to projects that help workers with their digital skillsets appears well-aimed, but is unlikely to solve the problem alone.

Developing economies have their own version of that retraining problem. Lund says India will face increased demand for workers with all levels of education between now and 2030, but particularly for people with high school diplomas. That will challenge the vast country's school system.

Although the short-term disruption from automation may be smaller in developing countries than in richer countries, the developing nations face more difficult challenges in the longer term.

China has shown how low-cost manufacturing can provide a kind of step ladder that helps a country gradually climb into more complex and lucrative sectors, says Brad DeLong, an economics professor at University of California, Berkeley, who worked in the Clinton administration.

But as automation technology gets cheaper and more capable, more manufacturing likely will migrate back to countries like the US. "The fear is that China is the last country for which this will be a successful strategy," DeLong says. Governments need to think not just about how automation affects workers, but their entire economic underpinnings. (Courtesy wired.com)

Southern DAILY Make Today Different

BUSINESS

Encroaching Trade War Worsens Climate For Chinese Dealmakers Seeking To Do Business With U.S.

Compiled And Edited By John T. Robbins, Southern Daily Editor

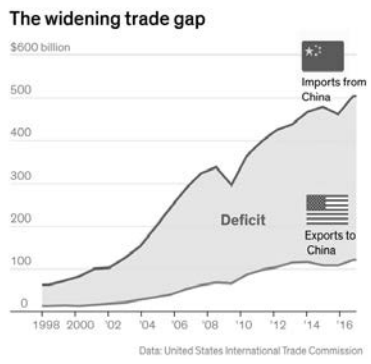
HONG KONG (Reuters) – The rapidly deteriorating trade and investment relationship between Washington and Beijing is sending a further chill through Chinese dealmakers who have already seen the number of Chinese acquisitions of American assets take a big hit.

So far this year, Chinese companies have spent just $1.6 billion on U.S. assets, down almost 80 per cent from the year-earlier period, according to Thomson Reuters data. By contrast the amount China has spent on European assets has risen 39 per cent from last year to $45.1 billion.

"We are now focusing on Europe-bound deals and having U.S. deals on hold. The trade war between China and U.S., if not short-term, will be a mid-term thing and will take some time to conclude," said Lin Feng, founder and CEO of Chinese investment and advisory firm DealGlobe.

"Opportunities in the U.S. will be more small investments, or joint ventures in China. It will definitely hurt significant minority stake acquisitions, but on the other hand it may help targets in Europe and Israel," he added.

In 2016, which stands as the record for Chinese cross-border dealmaking, China acquired U.S assets worth $62.6 billion and spent $88.4 billion on European assets.



Since then, China's imposition of capital controls and in particular a regulatory crackdown on some of its most acquisitive companies, such as HNA Group, Dalian Wanda Group Co and Anbang Insurance Group, have badly dented Chinese investment flows heading for American shores.

Chinese and U.S. flags are set up for a meeting during a visit by U.S. Secretary of Transportation Elaine Chao at China's Ministry of Transport in Beijing, China April 27, 2018. (Photo REUTERS)

FURTHER DETERRENT

The rejection by Washington of some major deals on national security grounds have only acted as a further deterrent to bankers and the Chinese companies they advise.

And this week, Washington has been signaling there will be tougher restrictions on Chinese investment, especially in sensitive areas of the economy, such as technology.

On Tuesday, the U.S. House of Representatives overwhelmingly passed a bill to tighten foreign investment rules, spurred by bipartisan concerns about Chinese attempts to acquire sophisticated U.S. technology.

U.S. President Donald Trump said on Wednesday he will use a strengthened national security review process to thwart Chinese acquisitions of sensitive American technologies, a softer approach than imposing China-specific investment restrictions as originally proposed.

And there is also the escalating tit-fot-tat trade dispute, in which the United States has threatened to impose duties on up to $450 billion of Chinese imports, with the first $34 billion portion set to go into effect next month.

MORE HOSTILE

Since U.S. President Donald Trump took office early last year, dealmakers have steadily become accustomed to a more hostile U.S environment.

Headline deals blocked by Washington in recent months included, notably, the $1.2 billion acquisition of Moneygram International <MGI.O> by China's Ant Financial [ANTFIN.UL] in January. Delays in gaining approval led to the abandonment of a plan for HNA to buy a $200 million stake in Skybridge Capital LLC, a hedge fund founded by Trump's former aide Anthony Scaramucci.

Other scrapped deals have ranged from a $25 million bid for a stake in the Chicago Stock Exchange, which was blocked by the U.S. Securities and Exchange Commission, to a $16.5 million offer for a U.S. pig breeder

The door is not entirely closed, though. This month the U.S. approved the $2.7 billion takeover of U.S. insurer Genworth Financial <GNW.N> by China Oceanwide Holdings Group – a deal first struck in October 2016.

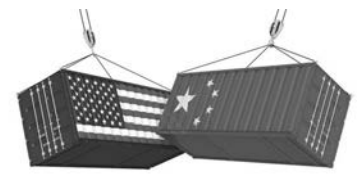
And dealmakers remain hopeful that any easing in the current tensions could boost China-U.S. deal volumes once more.

"This may not be the best timing. When the trade war is over, people will come back," said Samson Lo, head of Asia M&A at UBS <UBSG.S>. "Investors will continue to seek to identify attractive assets in the U.S."

A senior executive with a Hong Kong-based investment firm confirmed he was still looking at U.S. deals. The new U.S. measures "will definitely impact future deals and curb China's enthusiasm," he said. "but we are still engaged in conversations."

Another executive at the private equity arm of a Chinese state bank said the firm is also still actively studying U.S. deals. "We are trying to see how we can participate," she said. "Maybe we will just go for a very small stake."

Still, investments in technology have become a whole front in their own right in what some bankers consider a "cold war" for cross-border deals in the sector. Reuters reported this week that China has begun downplaying Made in China 2025 – a key policy designed, among other things, to back overseas investment in key sectors, but which had provoked alarm in the West.



"Many of our tech clients understand the prospects. They are all cautious and will not pursue big investments at this point in time," said one senior Hong Kong-based investment banker.

Chinese investors have announced just five U.S. technology company acquisitions so far this year, totaling just $278 million, Thomson Reuters data shows – the lowest figure in five years.

Mind you, Joseph Gallagher, head of Asia Pacific M&A at Credit Suisse, noted that issues around tech deals were not only a U.S.-China issue as European governments are also wary of China getting hold of key technology.

"Europe is becoming more difficult for Chinese acquisitions as well," he said. " If the tech cold war went away, there would be significant tech M&A activity, but that's not likely to happen." (Courtesy oann.com)