

LOCAL/INTERNATIONAL

To the Arab

Continued from Page 1

starting with the martyred Prime Minister Rafik Hariri and ending with the outspoken Shiite activist Luqman Salim. But this did not work in silencing the Lebanese who stood against everything after Hezbollah tightened its grip on the political class and the economy, and used all this to serve its interests. It had led to an increase in popular resentment that is manifested today in demonstrations and sit-ins, in addition, of course, to the flood of stinging criticism against Hassan Nasrallah personally on social media.

The dawn pick-ups of dissidents by intelligence officers who were active in revolutionary countries are no longer operating during the dawn. They have instead become spies behind screens, recording every tweet and picture posted by anyone on those sites. They tailor them according to their interests and vision, or based on the malicious instructions issued by certain influential individuals or officials.

Nevertheless, in the end, such malice fades away immediately when met with the greatness of the truth that cannot be obliterated.

Therefore, if the Arabs want to move to a new era, they must remedy themselves by getting rid of the syndrome of monitoring people's gossip and charging people's intention. We want to remind the Arab rulers that – "He who constantly monitors people will worry himself to death."

'Resilience in

Continued from Page 1

She added that the pandemic was a true test of the resilience of the banking sector. Despite the banking sector successfully navigating the first year of the crisis, the CBK continues to ensure that such achievements revolving around the integrity and resilience of the sector are sustained well into the future. Thus, the CBK conducts quarterly stress tests. Last year, the CBK, in cooperation with a global consulting firm, updated the stress-testing framework to fit the shifting economic landscape of the crisis. The new framework is highly dynamic and enables flexible scenario setting that incorporates macro and micro economic variables. This stress-testing tool enables the CBK to identify vulnerabilities of individual banks so that, if necessary, it can take corrective actions to address any potential issues.

Al-Humaidi further explained that the new stress testing framework involves three main phases, where phase one entails hypothetical sectoral shocks (e.g. defaults in loan portfolios, changes in interest rates, and a drop in stock prices and real estate prices). In phase two, the direct and subsequent impacts of shocks on the sector are measured. The direct impact involves higher credit and market risks resulting from deterioration in asset quality, and pressure on the interest margin. This is followed by a subsequent shock in the form of a liquidity crunch, which would result from expected deposit withdrawals and higher cost of funds, ultimately transforming into a solvency issue if not adequately addressed. Phase three involves analyzing the effect of the shocks on the sector's financial position and on the key indicators of financial soundness, allowing the CBK to take appropriate prudential action at a sectoral or individual bank level.

She added that the framework is based on three scenarios covering a period spanning three years. The first scenario hypothesizes a strong blow to a single sector in the real economy. The second consists of a wider multi-sectoral shock in the real economy on the country-level. The third scenario hypothesizes a wider global crisis. She concluded that the stress tests revealed the resilience of the Kuwaiti banking sector, which maintained a CAR higher than the BCBS minimum requirement of 8% - even under the harshest scenario.

In the last section of the presentation, the Governor discussed the outlook amidst the unprecedented uncertainty that the crisis has caused globally. He stated that the economic turbulence that the world is experiencing, at its core, is an unfortunate health crisis, which should be remedied first and foremost. He confirmed that the COVID-19 pandemic is the defining global health crisis of our time and should be addressed by expanding vaccine rollouts and guaranteeing equitable access to vaccines to achieve herd immunity. However, only 12% of the world population is fully vaccinated, and more efforts should be expended to ensure that more people are inoculated.

Cost

The cost to world authorities in ensuring that individuals and companies battle through the pandemic amounted to around USD 20 trillion (24% of global GDP) through fiscal, monetary, and macroprudential instruments. However, a significant portion of support was funded by borrowing, with world debt reaching an all-time high of USD 289 trillion, i.e. 360% of the global GDP (an increase of USD 30 trillion in 2020 alone). Asset purchase programs and massive liquidity injections have driven the strong recovery of stock markets. As per the IMF statements, the liquidity injected in 2020 by the central banks exceeded those injected over the last decade.

To explain the effect on the markets, the Governor introduced a comparison with the Global Financial Crisis (GFC) during which the stock market recovered post the initial shock. For example, while MSCI took 1,890 days to return to its precrisis level during the GFC, it took only 196 days after the Coronavirus economic shock to not only recover but to increase 88% from its lowest level recorded in March of last year. The direct financial support and pent up demand during the lockdown periods led to a strong rebound of personal consumption exceeding pre-crisis levels. These measures and actions identified certain vulnerabilities that represent a classic concern of dealing with a crisis, which is to risk planting the seeds of another crisis.

The Governor shed light on the concerns of rising inflation and the importance of caution in setting the time for unwinding the support measures, particularly for other economies given the interconnectedness of the global markets. In this regard, the Governor said that any swift and disorderly reduction of financial support by reducing subsidies, loan guarantees, or ceasing payment deferrals may lead to increased bankruptcies. In addition, any prompt action by the monetary authorities to mitigate the asset purchase programs and gradually increase the interest rates would tighten financial conditions and increase the borrowing costs, adversely affecting the ability of individuals and corporates to serve their debts. Similarly, if the regulatory authorities opt not to reduce the capital and liquidity requirements, some banks may curb the extension of credit in order to meet stricter regulatory requirements, and the resultant financial conditions would be tighter.

In addition, Dr. Al-Hashel explained that there are other risks that could stem from cross-border economic contagion. For example, if measures are not retracted in a country, the early tightening of monetary policy by a central bank in any of the major economies, such as the Federal Reserve, would lead to capital outflows in the emerging markets that may have been under pressure. Oil prices and geopolitical challenges are also potential concerns.

Concluded

Dr. Al-Hashel concluded that Kuwait has a small, but relatively open economy that will inevitably be impacted by developments in major economies, as well as highlighting the present structural imbalances that need deliberate remedies. He assured that CBK, so far, effectively deployed its monetary and macroprudential instruments and tools to ensure monetary and financial stability despite the unprecedented pandemic-induced shocks. The CBK shall continue its close monitoring and early intervention to preserve these achievements. Monetary stability and financial stability on their own are, however, insufficient in ensuring a stable and sustained economy. There is an urgent need for immediate and decisive actions and the consolidated efforts of all stakeholders to adopt effective financial and structural reforms to maintain inclusive sustainable prosperity.

The first discussant was Daniel Kanda, The IMF Mission Chief for Kuwait who joined via a video intervention. At the outset, Kanda thanked the Governor and mentioned that the well-written 2020 Financial Stability Report provides valuable input to policymaking at this critical juncture of economic recovery. It provides an in-depth discussion of the impact of the pandemic on the financial sector, financial sector vulnerabilities and risks, and the performance of the banking sector, real estate and capital markets. He commended the skillful regulatory oversight of the Central Bank of Kuwait and the pre-crisis strong buffers with banks that remained well-capitalized and liquid during the pandemic. He also commended the CBK's close monitoring of financial sector developments and risks, and pre-emptive and proactive approach to assess and mitigate any unexpected shocksto financial sector resilience. Kanda concluded that credit risks remain given substantial uncertainty on the outlook, and the need to remain vigilant, as this challenge is not unique to Kuwait.

Maxim Rybnikov, EMEA Director, from Standard & Poor's (S&P) Sovereign Ratings Team participated via a video and mentioned that Kuwait banking sector risks compare favorably with peers not just regionally, but globally, and the Kuwaiti banking system has historically been well-regulated. He added that S&P regularly publishes banking industry country risk assessments, which rank banking sector risks on a scale of 1 to 10, with one being the strongest and 10 the weakest.

Kuwait banking sector currently in group 4, on par with banking systems of Ireland, Poland and Spain. Kuwait's banking sector risks are only one category higher in their view than those for Australia, France, Germany, UK and the US that are in group 3. Within the GCC, only Saudi Arabia ranks in group 4, with other banking systems ranking weaker.



Two women run through Parliament Square in central London, Sunday, July 25, 2021. Thunderstorms bringing lightning and torrential rain to the south are set to continue until Monday as per forecast. (AP)

London cleans up after flash flooding drenches homes

Londoners were cleaning up Monday after torrential rain left homes, roads and several subway stations flooded, the second unseasonal inundation in as many weeks.

The Met Office weather agency said 41.6 centimeters (16 inches) of rain - almost a month's worth - fell in central London on Sunday afternoon. Monday was drier, but the Environment Agency said four flood warnings remained in place for southeast England, and the Met Office said parts of

England and Scotland could see more thunderstorms over the next few days.

Whipps Cross Hospital in the northeast of the city canceled all planned surgery and outpatient appointments on Monday after basement flooding damaged its electrical systems, and was diverting ambulances to other hospitals nearby.

Eight subway and train stations were closed Sunday because of flooding, including Pudding Mill Lane, an above-ground station where vid-

eo footage showed water surging through a concourse and up stairs.

Residents used buckets, brooms and wooden boards to create makeshift flood defenses for their homes as storm drains were overloaded in parts of the city. "Having been born and raised in London, I have never seen anything quite like it," said south London resident Eddie Elliott. "It stands out as the worst I've experienced personally ... totally shut down the whole road with buses stood broken down in

the water."

London Mayor Sadiq Khan said the city was seeing "increasing incidents of extreme weather events linked to climate change."

"This is not the first time in recent weeks that London has been hit by major flooding," he said. "Despite having limited powers in the area, it remains a key priority for myself and London's council leaders that more is done urgently to tackle flooding and the other impacts of climate change." (AP)

America

'Pressure mounts'

Senators race to seal infrastructure deal

WASHINGTON, July 26, (AP) - Senators are racing to seal a bipartisan infrastructure deal as soon as Monday, as pressure is mounting on all sides to show progress on President Joe Biden's top priority.

Heading into a make-or-break week, key senators and staff spent the weekend trying to reach a final agreement. One major roadblock is how much money should go to public transit. But spending on highways, water projects, broadband and other areas remains unresolved, as is whether to take unspent COVID-19 relief funds to help pay for the infrastructure. Late Sunday, the Democrats and the White House sent a "global" offer to Republicans on remaining issues, according to a Democratic aide close to the talks and granted anonymity to discuss them.

The lead Republican negotiator, Ohio Sen. Rob Portman, said the two sides were "about 90% of the way there" on an agreement.

A top Democrat, Sen. Mark Warner of Virginia, said he was hopeful a final bill would be ready Monday afternoon - though others were not so sure.

The week ahead is crucial. Senate Majority Leader Chuck Schumer, D-N.Y., has said he wants to pass the nearly \$1 trillion bipartisan package as well as the blueprint for a larger \$3.5 trillion budget plan before the Senate leaves for its August recess. He held a procedural vote last week to begin debate on the bipartisan framework, but all 50 Senate Republicans voted against it, saying they needed to see the full details of the plan.

The White House wants a bipartisan agreement for this first phase, but as talks drag on anxious Democrats, who have slim control of the House and Senate, could leave Republicans behind and try to go it alone. If it fails, it could be wrapped into the broader package of Biden's priorities that Democrats are hoping to pass later.

The bipartisan package includes about \$600 billion in new spending on public works projects. Democrats want to see more of the money go toward

boosting public transportation, which includes subways, light-rail lines and buses, in line with Biden's original infrastructure proposal and the push to address climate change.

The bipartisan group originally appeared to be moving toward agreement on more money for transit. But Pennsylvania Sen. Pat Toomey, the top Republican on the Senate Banking, Housing and Urban Affairs Committee, which oversees public transit, raised questions. He cited, in part, previous COVID-19 federal relief money that had already been allocated to public transit.

"Nobody's talking about cutting transit," Toomey said Sunday. "The question is, how many tens of billions of dollars on top of the huge increase that they have already gotten is sufficient? And that's where there is a little disagreement."

Formula

Typically, spending from the federal Highway Trust Fund has followed the traditional formula of 80% for highways and 20% for transit. Democratic Sens. Sherrod Brown of Ohio and Tom Carper of Delaware say they will oppose the deal if transit funding falls below that.

The White House has declined to say whether Biden would push for the additional funding for transit.

"Transit funding is obviously extremely important to the president - the 'Amtrak President,' as we may call him," White House press secretary Jen Psaki said Friday. "But we believe that members can get this work done and can work through these issues quite quickly."

The final package would need the support of 60 senators in the evenly split 50-50 Senate to advance past a filibuster - meaning at least 10 Republicans along with every Democratic member. Last week's test vote failed along party lines.

The aide said there are other remaining issues still unresolved around how to pay for it. For instance, details on

broadband funding, as well as whether to tap into the leftover COVID relief funds previously passed by Congress, continue to be discussed, the aide said.

Democrats are seeking a compromise to pay for the package after they rejected a hike in the gas tax drivers pay at the pump and Republicans dashed a plan to boost the IRS to go after tax scofflaws.

Three rounds totaling nearly \$70 billion in federal COVID-19 emergency assistance, including \$30.5 billion that Biden signed into law in March, pulled transit agencies from the brink of financial collapse as riders steered clear of crowded spaces on subway cars and buses. That federal aid is expected to cover operating deficits from declining passenger revenue and costly COVID-19 cleaning and safety protocols through at least 2022.

But Democrats and public transit advocates see expanded public transit systems as key to easing traffic congestion, combating climate change and curbing car pollution.

Rep. Peter DeFazio, D-Ore., the chairman of the House Transportation and Infrastructure Committee, recently sent a letter with 30 Democrats on the panel warning that the Senate proposal was inadequate and that any deal should incorporate the House-passed \$715 billion infrastructure bill, which includes more money for rail and transit.

"The historical share for public transit from the Highway Trust Fund is 20%," Paul Skoutelas, president of the American Public Transportation Association, said Sunday. "It is the absolute minimum acceptable level to help sustain our nation's public transportation systems. It is imperative that we make robust, forward looking investments to modernize and expand public transit that will assist in our economic recovery from the COVID pandemic and get Americans back to work."

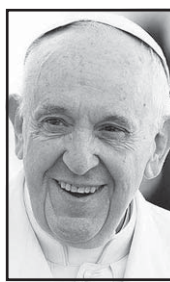
Portman appeared on ABC's "This Week," Toomey was on CNN's "State of the Union" and Warner spoke on "Fox News Sunday."



Pastor Kenny Menendez poses at the Open Door Baptist Church in Anchorage, Alaska. The church has replaced a strip club that used to beckon people off the highway. (AP)



Fauci



Pope Francis

News in Brief

Vatican trial opens: A cardinal who allegedly induced an underling to lie to prosecutors. Brokers and lawyers who pulled a fast one over the Vatican No. 2 to get him to approve a disastrous real estate deal. A self-styled intelligence analyst who bought Prada and Louis Vuitton items with the Vatican money that she was supposed to send to rebels holding a Catholic nun hostage.

But the prosecutors' case also suggests that **Pope Francis** and his top lieutenants were not only aware of some of the key transactions, but in some cases explicitly authorized them, even without full documentation or understanding the details. Given the hierarchical nature of the Holy See and the obedience required of underlings to their religious superiors, questions also remain about why some people were charged and others not. (AP)

Belgian party calls for probe: A political party in Belgium on Monday requested the appointment of a parliamentary commission to investigate the deadly floods that ravaged several towns in the country earlier this month.

The Humanist Democratic Centre (CDH) said it does not want to launch a "witch hunt" but hopes to shed light on the disaster that killed 37 people in Belgium and left several missing. Together with the deaths in Germany, the death toll from the flooding exceeded 210.

Meanwhile, groups of Belgian citizens are considering taking legal action against the state for its alleged failure to protect them. (AP)

Pakistan plans to refloat ship: Pakistani authorities said Monday they were working on plans to refloat a cargo ship that ran aground off the coast near the southern port city of Karachi last week amid bad weather.

The Heng Tong 77 was en route to Istanbul from China when it drifted and got stuck in shallow waters Wednesday near the coast in Pakistani territory, authorities said. The event raised fears the oil being transported in the vessel could spill, potentially damaging the environment. (AP)

'US heading in wrong direction': The

United States is in an "unnecessary predicament" of soaring COVID-19 cases fueled by unvaccinated Americans and the virulent delta variant, the nation's top infectious diseases expert said Sunday.

"We're going in the wrong direction,"

said **Dr. Anthony Fauci**, describing himself as "very frustrated." He said recommending that the vaccinated wear masks is "under active consideration" by the government's leading public health officials. Also, booster shots may be suggested for people

with suppressed immune systems who have been vaccinated, Fauci said. (AP)

7 killed in 20-car pileup: At least seven people were killed in a 20-vehicle pileup crash during a sandstorm Sunday afternoon, Utah Highway Patrol said.

The crashes happened on Interstate 15 near the town of Kanosh, according to a news release. Several people were reportedly taken to hospitals in critical condition. Ground and air ambulances were used to transport crash victims. The pileup occurred during a period of high winds that caused a dust or sandstorm which reduced visibility, the highway patrol said. (AP)

Afghan soldiers flee attack: Dozens of Afghan soldiers slipped across the border into northwestern Pakistan, the Pakistani army said Monday. The Afghan troops were fleeing after their border post was overrun, apparently by the Taliban.

The statement said a total of 46 members of the Afghan forces, including five officers, crossed the border late Sunday near the Pakistani border town of Chitral in Khyber Pakhtunkhwa province.

The Afghan "soldiers have been provided food, shelter and necessary medical care as per established military norms," the Pakistani army said, adding that it had informed Afghan authorities of the development. (AP)



Navajo Nation Council Delegate Amber Kanazbah Crotty, front, left, stands beside Jessica Holiday, Danialle Whitehat, Lynn Bia and Tonya Grass, victim advocates for the Utah Navajo Health System, who received a community leadership award from the Federal Bureau of Investigation in Montezuma Creek, Utah on Wednesday, July 14, 2021. (AP)