

Energy crunch hits global recovery

Biggest squeeze is on natural gas in Europe

BRUSSELS, Oct 19, (AP): Power shortages are turning out streetlights and shutting down factories in China. The poor in Brazil are choosing between paying for food or electricity. German corn and wheat farmers can't find fertilizer, made using natural gas. And fears are rising that Europe will have to ration electricity if it's a cold winter.



In this file photo, a flare burns natural gas at an oil well Aug. 26, 2021, in Waford City, North Dakota. The world's facing an energy crunch. Europe is feeling it worst as natural gas prices skyrocket to five times normal, forcing some factories to hold back production. (AP)

The world is gripped by an energy crunch - a fierce squeeze on some of the key markets for natural gas, oil and other fuels that keep the global economy running and the lights and heat on in homes. Heading into winter, that has meant higher utility bills, more expensive products and growing concern about how energy-consuming Europe and China will recover from the COVID-19 pandemic.

The biggest squeeze is on natural gas in Europe, which imports 90% of its supply - largely from Russia - and where prices have risen to five times what they were at the start of the year, to 95 euros from about 19 euros per megawatt hour.

It's hitting the Italian food chain hard, with methane prices expected to increase sixfold and push up the cost of drying grains. That could eventually raise the price of bread and pasta at supermarkets, but meat and dairy aisles are more vulnerable as beef and dairy farmers are forced to pay more

for grain to feed their animals and pass the cost along to customers.

"From October we are starting to suffer a lot," said Valentino Miotto of the AIREs association that represents the grain sector.

Analysts blame a confluence of events for the gas crunch: Demand rose sharply as the economy rebounded from the pandemic, while a cold winter depleted reserves. Europe's chief supplier, Russia's Gazprom, held back extra summer supplies beyond its long-term contracts to fill reserves at home for winter. China's electricity demand has come roaring back, vacuuming up limited supplies of liquid natural gas, which moves by ship, not pipeline. There also are limited facilities to export natural gas from the United States.

Costlier natural gas has even pushed up oil prices because some power generators in Asia can switch from using gas to oil-based products. US crude is over \$83 per barrel, the highest in seven years, while international benchmark Brent is around \$85, with oil cartel OPEC and allied countries cautious about restoring production cuts made during the pandemic.

The crunch is likely short term but it's difficult to say how long higher fossil fuel prices will last, said Claudia Kemfert, an energy economics expert at the German Institute for Economic Research in Berlin.

But "the long-term answer that has to be taken out of this is to invest in renewables and energy saving," she said.

The European Union's executive

commission urged member nations last week to speed up approvals for renewable energy projects like wind and solar, saying the "clean energy transition is the best insurance against price shocks in the future and needs to be accelerated."

In the meantime, some gas-dependent European industries are throttling back production. German chemical companies BASF and SKW Piesteritz have cut output of ammonia, a key ingredient in fertilizer.

That left Hermann Greif, a farmer in the village of Pinzberg in Germany's southern Bavaria region, unexpectedly empty handed when he tried to order fertilizer for next year.

"There's no product, no price, not even a contract," he said. "It's a situation we've never seen before." One thing is certain: "If I don't give the crops the food they need, they react with lower yields. It's as simple as that."

High energy prices already were hitting the region's farmers, who need diesel to operate machinery and heat to keep animals warm, said Greif, who grows corn to feed a bio energy power facility that feeds emission-free energy into the power grid.

Likewise in Italy, the cost of energy to process wheat and corn is expected to go up more than 600% for the three months ending Dec. 31, according to the grain association. That includes turning wheat into flour, and corn into feed for cows and pigs.

Giampietro Scusato, an energy consultant who negotiates contracts for the AIREs association and others, expects the volatility and high prices to persist for the coming year.

High energy prices also seep into bread and pasta production through transport costs and electricity use,

which could eventually affect store prices. Dairy and meat sections are especially exposed because prices are low now and farmers may be forced to pass along the higher cost of animal feed to shoppers.

People worldwide also are facing soaring utility bills this winter, including in the US, where officials have warned home heating prices could jump as much as 54%. Governments in Spain, France, Italy and Greece have announced measures to help low-income households, while the European Union has urged similar aid.

Much depends on the weather. Europe's gas reserves, usually replenished in summer, are at unusually low levels.

"A cold winter in both Europe and Asia would risk European storage levels dropping to zero," says Massimo Di Odoardo at research firm Wood Mackenzie.

That would leave Europe dependent on additional natural gas from a just-completed Russian pipeline or on Russian willingness to send more through pipelines across Ukraine. But the new Nord Stream 2 pipeline has not passed regulatory approval in Europe and may not be contributing gas until next year.

Russian suppliers' decision to sell less gas on spot markets reflects "an intention to put pressure on the early certification of Nord Stream 2," said Kemfert, the energy economics expert.

In China, outages have followed high prices for coal and gas as electric companies power down amid limits in passing costs to customers or government orders to stay under emission thresholds.

Factories in Jiangsu province, northwest of Shanghai, and Zhejiang in the southeast shut down in mid-Septem-

ber, and dozens warned deliveries might be delayed ahead of the Christmas shopping season.

Chenchen Jewelry Factory in Dongyang, a city in Zhejiang, faced power cuts over 10 days, general manager Joanna Lan said. The factory makes hairbands, stationery and promotional gifts and exports 80% to 90% of its goods to the US, Europe and other markets.

Deliveries were delayed "by at least a week," Lan said. "We had to buy generators."

The biggest city in the northeast, Shenyang, shut down streetlights and elevators and cut power to restaurants and shops a few hours a day.

China's gas imports have jumped, but surging demand in Japan, South Korea and Taiwan also helped push up global prices, said Jenny Yang, research manager for the gas, power and energy futures team for China at IHS Markit.

In Brazil, higher gas and oil prices have been compounded by the worst drought in 91 years, which has left hydropower plants unable to supply electricity and more expensive bills.

Rosa Benta, a 67-year-old from a Sao Paulo working-class neighborhood, fears she will no longer be able to provide for her unemployed children and grandkids.

"Several times, (energy company) Enel called me saying I had debt. I told them: 'I'm not going to stop feeding my son to pay you.'" Benta said outside her concrete house on a steep, narrow street. "If they want to cut the electricity, they can come."

Benta lives on 1,400 reais (about \$250) a month and says she often has to choose between buying gas for cooking or rice and beans.

"I don't know what we are going to do with our lives," she said.

to include GIG's premium insurance services

Burgan Bank Expands Haiba Card Exclusive Benefits

Burgan Bank has expanded the package of Haiba card benefits by introducing new premium insurance services in collaboration with Gulf Insurance Group - Kuwait (GIG-Kuwait). This enhancement highlights the Bank's commitment to further develop and diversify its cards offers and benefits to upgrade the overall customer experience with a suite of added value services that fit their lifestyle needs.

Haiba cardholders can now enjoy through this collaboration with GIG-

KD 100,000 to KD 500,000, depending on the selected policy, the health insurance packages are designed to relieve customers of the financial burden of expensive medical care.

Mr. Naser Al Qaisi, Chief Retail Banking Officer at Burgan Bank, commented the new addition to Haiba card benefits saying "Since its introduction to the market, Haiba card has gained popularity and was acclaimed for its distinguished and unique offering and benefits tailored to meet the aspirations of our elite customer base. The collaboration with GIG-Kuwait was motivated by our keenness to further upgrade the existing card services with a more diversified palette of benefits, and we are confident that GIG-Kuwait services will add great value to our Haiba customers."

Commenting about this collaboration with Burgan, Mr. Tareq Abdulwahab AlSahhaf, Chief Executive Officer at GIG-Kuwait, said

"Burgan Bank is one of our trusted financial partners and a major player within Kuwait Projects Company (KIPCO). Our collaboration is aligned with both the Bank's and GIG's objectives to offer the best insurance services and the most innovative products to Haiba cardholders. We are delighted to be chosen to contribute to delivering the promise of a unique experience to the cardholders."

Burgan's Haiba card stands out with a unique personalized design, and a vast selection of exclusive travel, insurance,

healthcare, entertainment, restaurants and shopping privileges and benefits. Haiba cardholders are automatically enrolled in Burgan Rewards Program, which offers 7 points for every KD 1 spent locally and 14 points for every KD 1 spent abroad. The cardholders can also enjoy a range of exclusive personal services including a 24/7 global concierge service, free access to an unlimited number of airport lounges worldwide, airport concierge services, Global Blue VIP services and visa services.

KFHOnline usage growth of 26%

KFH's Customers Conduct more than 113 Million Transactions through KFHOnline in 9 Months

The total transactions completed by Kuwait Finance House's (KFH) customers through KFHOnline on the website or the mobile app was more than 113 million transactions in 9 months, from January until September of this year 2021, with a growth rate of 26% compared to same period last year.

The e-banking transactions included: opening bank account for new customers and request personal financing using E-signature through MYID App, instant debit card issuance using QR code, local and international transfers, opening deposits, adding beneficiaries, balance inquiry, cheque book request and cheque deposit, opening KFH gold account, conducting gold transactions (purchase, sell and trade), create saving

Khaled Al-Shamlan

plan, requesting finance, opening accounts, applying for Prepaid cards, paying finance installments, KFH Pay service and other digital services.

Acting Group Chief Retail and private Banking officer at KFH, Khaled Yousif Alshamlan, said that these figures of online usage and growth rate reflect the efficiency of KFH digital solutions and the KFHOnline services.

"This also reiterates the bank's leadership in providing high-end mobile banking services that enable customers to complete their banking transactions anywhere 24/7," he added, stressing the importance of keeping pace with technological advancement to meet the requirements of different customer segments, especially

the millennials, who were born during a period of fast-paced digital growth, and are known to be tech-savvy customers.

Alshamlan demonstrated a wide range of services provided by KFH, including: the service of applying for personal finance and onboarding new customers by using e-signature through MYID App, the instant transfer service to "KFH Turkey" using the RippleNet network, and the "digital wallets" service via mobile phones and smart watches that provide the

latest smart digital payment methods with the highest advanced security standards in collaboration with Garmin, Fitbit and Samsung.

He referred to KFH's efforts to enhance the technological partnership with fintech companies to introduce innovative digital services.

KFH Go Branches

Alshamlan stressed the importance of interactive software and self-service platforms such as: XTM machines, and KFH Go branches, which are 10 Digital branches located in different places in Kuwait, including Kuwait International Airport, allow customers to conduct a variety of interactive banking services, including: Creating "Murabaha" commercial transactions, ordering credit and prepaid cards, updating data and phone number,

activating bank cards, opening deposits and accounts, instant checkbook printing, instant printing of bank cards without pre-ordering, receiving gold biscuits (10 grams) and opening an account (gold, savings, Al-Rabeh, automated services), buying and selling gold, withdrawing cash without a card via the mobile through QR code, civil ID or phone number, and many other financial and banking services.

Alshamlan said that KFH is keen to continue investing heavily in technology and offering innovative financial solutions, stressing the importance of moving forward with process automation efforts by employing artificial intelligence and collaborating with fintech companies, to stay ahead of competitors and meet the aspirations of all customer segments while enhancing their banking experience.

Alshamlan:
continuing to invest aggressively in digital transformation and uniquely offering innovative financial solutions

Keen to stay ahead of competitors and enhance the banking experience for customers

End of an era

After Alitalia's demise, ITA launches with a new look

ROME, Oct 19, (AP): Italy's new national airline, ITA Airways, flew its inaugural flights Friday and unveiled its brand and logo, recycling the red, white and green of its Alitalia origins as it tries to chart a new future while competing with low-cost airlines.

ITA, or Italy Air Transport, officially launched after bankrupt flag carrier Alitalia landed its final flights Thursday night, ending a 74-year business history that a series of financial crises had marred in recent years.

Protests and strikes accompanied the runup to Alitalia's formal demise because the much smaller ITA Airways is only hiring around a quarter of Alitalia's more than 10,000 employees. Negotiations with unions are ongoing.

ITA paid 90 million euros (over \$104 million) for the rights to the Alitalia brand and website, but the new airline is called ITA Airways and it has its own website and a new frequent flier program, called "Volare" ("Fly").

"Discontinuity doesn't mean denying the past, but evolving to keep up with the times," ITA President Alfredo Altavilla said in a statement.

During a conference launching the airline, Altavilla insisted that the greatly reduced size of ITA - its slimmer fleet, workforce and destinations - make it a viable carrier that can compete with low-cost airlines while offering better service, connections and value.

"ITA Airways is being born right-sized, in the optimal dimensions both in terms of the size of its fleet and its destinations," he said. "We don't carry with us the negative inheritance of being too big that conflict with the economic reality."

He bristled when asked about reported predictions by low-cost carriers of ITA Airways' failure.

"They might be very, absolutely right that this is gonna be difficult for us, but I am really curious to see one day their PnL (Profits and Loss) and their balance sheet without all the subsidies that they are getting from the local institutions and the small airports here in Italy," Altavilla said.

"I want a level playing field," he added.

The first ITA flight was the 6:20 a.m. from Milan's Linate airport to the Italian city of Bari, on the Adriatic Sea. In all, ITA is flying to 44 destinations and aims to increase that number to 74 in four years.

Among its routes, the company plans to operate flights to New York from Milan and Rome, and to Tokyo, Boston and Miami from Rome. European destinations from Rome and Milan's Linate airport will also include Paris, London, Amsterdam, Brussels, Geneva and Frankfurt, Germany. Routes to South America and Los Angeles are planned.

ITA planes will be royal blue with Alitalia's trademark "tricolore" on the tail, reflecting the red, white and green of the Italian flag. The Italian national sports team colors are blue, and company officials said Friday that the color scheme chosen for the new aircraft aims to make ITA "azzurri" - the team nickname - too.

For now, the new blue Airbus aircraft exists only in advertisements, with Alitalia's old white fleet actually in the skies.

Officials were coy about possible partnerships with other airlines. Previously, Alitalia was a member of the SkyTeam alliance, which included Delta, Air France and KLM, among other airlines.

ITA has 52 planes that it says will grow to 105 in the same period and is pointing to next-generation aircraft that use sustainable, alternative fuel sources.

The company launched with 2,800 employees - 70% of them from Alitalia - and said it expects to increase the size of its workforce to 5,750 by 2025.

Fabio Lazerzerini (left), CEO of new national carrier ITA, poses with President Alfredo Altavilla during the presentation in Rome, Friday, Oct. 15, 2021. (AP)