United Nations Secretary-General Antonio Guterres addresses reporters during a news conference in New York, United States, on June 8, 2022. The head of the United Nations has warned the world faces 'catastrophe' because of the growing shortage of food around the globe. (AP)

## UN chief warns of 'catastrophe' from global food shortage

The head of the United Nations has warned that the world faces "catastrophe" because of the growing shortage of food around the globe.

UN Secretary-General Antonio Guterres said the war in Ukraine has added to the disruptions caused by climate change, the coronavirus pandemic and inequality to produce an "unprecedented global hunger crisis" already affecting hundreds of millions of people.

"There is a real risk that multiple famines will be declared in 2022," he said in a video message to officials from dozens of rich and developing countries gathered in Berlin. "And 2023 could be even worse."

Guterres noted that harvests across Asia, Africa and the Americas will take a hit as farmers around the world struggle to cope with rising fertilizer and energy prices.

"This year's food access issues could become next year's global food shortage," he said. "No country will be immune to the social and economic repercussions of such a catastrophe."

Guterres said U.N. negotiators were working on a deal that would enable Ukraine to export food, including via the Black Sea, and let Russia bring food and fertilizer to world markets without restrictions.

He also called for debt relief for poor countries to help keep their economies afloat and for the private sector to help stabilize global food markets.

The Berlin meeting's host, German Foreign Minister Annalena Baerbock, said Moscow's claim that Western sanctions imposed over Russia's invasion of Ukraine were to blame for food shortages was "completely untenable."

Russia exported as much wheat in May and June this year as in the same months of 2021, Baerbock said. (AP)

# EU leaders tackle inflation & energy shocks from war

### Gas storage plans approved

**BRUSSELS, June 25, (AP): A day after endorsing Ukraine's candidacy to join the European Union, the bloc's leaders turned their attention Friday to the severe economic turbulence from Russia's war in the neighboring country as the conflict's full impact sinks in and the threat of recession rises.**

The EU's 27 leaders gathered in Brussels to grapple with surging inflation, energy shocks, dwindling business and consumer confidence, and growing budget pressures.

The leaders also will have to contend with higher borrowing costs as the European Central Bank prepares to raise interest rates for the first time in 11 years to counter runaway price increases. ECB President Christine Lagarde, who plans to raise rates next month and again in September, joined the EU summit to discuss the darkening economic outlook.

#### Situation

"We are in a difficult situation," Swedish Prime Minister Magdalena Andersson said on her way into the summit. "It's very important that we have this discussion."

The EU has spent the previous decade battling a series of crises, ranging from Greece's financial woes and transatlantic trade disruptions under former US President Donald Trump to Britain's departure from the bloc and the COVID-19 pandemic.

The EU's executive arm, the European Commission, on Friday announced plans to issue 50 billion euros ($52.7 billion) of EU bonds to aid member countries between July and December as part of its flagship economic recovery program.

With no end in sight to the war in Ukraine and the EU committed to stepping up sanctions against Russia as punishment, the bloc must battle economic threats on multiple fronts.

Energy poses a major challenge for the EU, which for years has relied heavily on Russian oil, natural gas and coal to help power cars, factories, heating systems and electricity plants.

Under pressure to keep pace with American and British penalties against Russia, the EU since April has expanded what were already unprecedented sanctions by targeting Russian fuels. A ban on imports of Russian coal will start in August and an embargo on most oil from Russia will be phased in over the coming eight months.

Meanwhile, Moscow itself is disrupting natural gas deliveries, which the EU didn't include in its own sanctions for fear of seriously harming the European economy. Before the war, the bloc got about 40% of its gas from Russia.

"It's very likely that Russia will use gas and energy as a blackmail toward European countries," Finnish Prime Minister Sanna Marin said. "Russia will use it as a tool, as a weapon against us, so we have to help each other."

Moscow has reduced gas supplies to several EU countries, including heavy importers Germany and Italy, and cut off deliveries to other members, such as Finland.

#### Supplies

Germany on Thursday triggered the second phase of a three-stage emergency plan for gas supplies, saying the country faces a "crisis." Weaknesses in Germany, Europe's largest economy, risk having a broad spillover effect and making the EU's latest economic growth forecasts look too rosy.

"The impact will be enormous for Germany but also for all the other European countries," Belgian Premier Alexander De Croo said.

The heads of state and government meeting in Brussels to step up preparations for further gas cuts from Russia and to continue searching for other suppliers. The EU already has increased deliveries from the United States, Norway, Algeria and Azerbaijan. The leaders also debated possible changes to the bloc's price-setting system for electricity.

Pressing for an EU-wide cap on energy prices, Italian Premier Mario Draghi noted that energy costs drive inflation. He expressed satisfaction that the European Commission plans in September to hammer out a report on prospects for energy caps ahead of the next European Council meeting, when price caps will be on the agenda.

"I didn't expect to have a fixed date on the question. I thought there would be the usual postponements, vague language. (But) things are moving," he said.

In May, the European Commission said the EU's economic output would expand 2.7% this year and 2.3% in 2023 after 5.4% growth in 2021. Other forecasts have already downgraded growth prospects. As this year began, the bloc was still facing effects - including higher budget deficits - from the pandemic, which caused the economy to shrink 5.9% in 2020.

The European Central Bank has pledged to create a market backstop to protect the 19 countries that share the euro currency from market turmoil as it tackles record inflation of 8.1%. A selloff in the bonds of some euro nations was a central feature of the debt crisis a decade ago.

"The next few months will be very difficult," said European Parliament President Roberta Metsola, who attended the first day of the summit Thursday.

The European Parliament Thursday backed a legislative proposal that sets a mandatory minimum level of gas in storage facilities in EU countries at 80 percent by 1 November 2022 as a response to Russia's war against Ukraine.

The target will be 90 pct for subsequent years to protect Europeans from possible supply shocks says the text adopted in Brussels with 490 votes to 47, and 55 abstentions. It highlights the need for EU countries to diversify gas supply sources and boost energy efficiency measures.

Under the regulation, gas storage facilities will become critical infrastructure. All storage operators will have to undergo new mandatory certification to avoid risks of outside interference. Operators who fail to secure this certification will have to give up ownership or control of EU gas storage facilities.

The proposal must still be formally adopted by the EU Council of Ministers before it becomes law, after which it would enter into force in July.

Polish MEP Jerzy Buzek who is leading the Parliament's negotiating team with the EU member states.

#### Also:

**BERLIN:** The shortage of energy supplies, especially gas, due to the ongoing Ukraine war curbed Germany's economic growth last month, info Institute said on Friday.

It said in a report that its index of the growth of Europe's biggest economy dropped from 93 points in May to 92.3 points in June.

The rise in energy prices and concerns over a looming gas crisis is so worrisome for various economic sectors, according to the report, warning of a possible economic crisis if Russia decides to turn off the taps.

The Germany government on Thursday declared the second stage of the country's national gas emergency plan, after Russian gas supplies were reduced to 60 percent last week.

A protester covers her face with a scarf as she blocks a main highway during a protest against the increase in prices of consumer goods and the crash of the local currency, in the town of Zouk Mosbeh, north of Beirut, Lebanon, Monday, March 8, 2021. Lebanon and Sri Lanka may be a world apart, but they share a history of political turmoil and violence that led to the collapse of once-prosperous economies bedeviled by corruption, patronage, nepotism and incompetence. (AP)

### Toxic combinations led to economic collapse

# Lebanon, Sri Lanka share same crisis

BEIRUT, June 25, (AP): Lebanon and Sri Lanka may be a world apart, but they share a history of political turmoil and violence that led to the collapse of once-prosperous economies bedeviled by corruption, patronage, nepotism and incompetence.

The toxic combinations led to disaster for both: Currency collapse, shortages, triple-digit inflation and growing hunger. Snaking queues for gas. A decimated middle class. An exodus of professionals who might have helped rebuild.

There usually isn't one moment that marks the catastrophic breaking point of an economic collapse, although telltale signs can be there for months - if not years.

When it happens, the hardship unleashed is all-consuming, transforming everyday life so profoundly that the country may never return to what it was.

Experts say a dozen countries - including Egypt, Tunisia, Sudan, Afghanistan and Pakistan - could suffer the same fate as Lebanon and Sri Lanka, as the post-pandemic recovery and war in Ukraine spark global food shortages and a surge in prices.

The crises in Lebanon and Sri Lanka are rooted in decades of greed, corruption and conflict.

#### Suffered

Both countries suffered a long civil war followed by a tenuous and rocky recovery, all the while dominated by corrupt warlords and family cliques that amassed enormous foreign debt and stubbornly held on to power.

Various popular uprisings in Lebanon have been unable to shake off a political class that has long used the country's sectarian power-sharing system to perpetuate corruption and nepotism. Key decisions remain in the hands of political dynasties that gained power because of immense wealth or by commanding militias during the war.

Amid the factional rivalries, political paralysis and government dysfunction has worsened. As a result, Lebanon is one of the most backward Middle East countries in infrastructure and development, including extensive power cuts which persist 32 years after the civil war ended.

In Sri Lanka, the Rajapaksa family has monopolized politics in the island nation for decades. Even now, President Gotabaya Rajapaksa is still clinging to power, although the family dynasty around him has crumbled amid protests since April.

Experts say the current crises in both countries is of their own making, including a high level of foreign debt and little invested in development.

Moreover, both countries have suffered repeated bouts of instability and terrorist attacks that upended tourism, a mainstay of their economies. In Sri Lanka, Easter suicide bombings at churches and hotels killed more than 260 people in 2019.

Lebanon has suffered the consequences of neighboring Syria's civil war, which flooded the country of 5 million with about 1 million refugees.

Both economies were then hit again with the onset of the coronavirus pandemic.

Lebanon's crisis began in late 2019, after the government announced new proposed taxes, including a $6 monthly fee for using Whatsapp voice calls. The measures set a spark to long smoldering anger against the ruling class and months of mass protests. Irregular capital controls were put in place, cutting people off from their savings as the currency began to spiral.

In March 2020, Lebanon defaulted on paying back its massive debt, worth at the time about $90 billion or 170% of GDP - one of the highest in the world. In June 2021, with the currency having lost nearly 90% of its value, the World Bank said the crisis ranked as one of the worst the world has seen in more than 150 years.

In Sri Lanka, with the economy still fragile after the 2019 Easter bombings, Gotabaya pushed through the largest tax cuts in the country's history. That sparked a quick backlash, with creditors downgrading the country's ratings, blocking it from borrowing more money as foreign exchange reserves nosedived.

On the brink of bankruptcy, it has suspended payments on its foreign loans and introduced capital controls amid a severe shortage of foreign currency. The tax cuts recently were reversed.

#### Imports

Meanwhile the Sri Lankan rupee has weakened by nearly 80% to about 360 to $1, making the costs of imports even more prohibitive.

"Our economy has completely collapsed," the prime minister said Wednesday.

Before this latest descent, both Lebanon and Sri Lanka had a middle-income population that allowed most people to live somewhat comfortably.

During the 1980s and 1990s, many Sri Lankans took jobs as domestic workers in Lebanese households. As Sri Lanka began its postwar recovery, they have been replaced by workers from Ethiopia, Nepal and the Philippines.

The recent crisis forced most Lebanese to give up that luxury, among others. Almost overnight, people found themselves with almost no access to their money, evaporated savings and worthless salaries. A month's salary at minimum wage isn't enough to buy 20 liters (5 1/4 gallons) of gasoline, or cover the bill for private generators that provide homes with a few hours of electricity a day.

## ABK Strongly Supports 'Diraya' Campaign, Discusses Financial Inclusion for Customers with Special Needs on 360 FM

Ali Buhamad

***Al Ahli Bank of Kuwait (ABK), continues its support for the nationwide awareness campaign – 'Let's Be Aware', launched by the Central Bank of Kuwait (CBK) and Kuwait Banking Association (KBA). The campaign aims to raise awareness about customers' rights and duties when dealing with banking products and services.***

The "Let's Be Aware" is geared towards educating consumers about the best use of banking products and services. Enhancing customers' knowledge of the precautions they must take to preserve their funds is a key priority. The campaign also helps users avoid any misuse of banking products and services, breaching their responsibilities, and utilising banking facilities to manage their savings. 'Diraya' also provides tips on cyber safety and security, familiarising people with special needs with their rights and services, in addition to clarifying the process for raising complaints about banking services and products.

The campaign spotlights banks and their role in providing banking services and highlights clear and specific policies related to the borrowing process; types of bank cards and tips for using them; products and services related to investing and saving; and personal finance. The campaign also aims to increase financial inclusion awareness to stimulate monetary and economic stability.

Mr. Ali Bu Hamad, Head of the Complaint and Customers Protection Unit at ABK said: "Financial inclusion is one important component of 'Diraya' and ABK ensures all of its banking products and services are easily accessible to customers with special needs. At ABK, we are committed to building an institution that simplifies banking services for customers with special needs and fosters a culture that helps customers feel comfortable and accommodated. Clients with special needs in Kuwait can visit branches like Head Office, Shaab, Jabriya, Adan, South Sabahiya, Al Firdous and Jahra located in each governorate, as these branches feature easily accessible private glass chambers equipped with headphones, wheelchair friendly ATMs, reserved parking spaces with wheelchair access, and elevators. Customer can also avail themselves of our digital channels and mobile application to conduct their transactions from the comfort of their homes."

The Bank has trained and equipped select employees on communicating in sign language to better serve customers with hearing and speaking disabilities. Additionally, the mentioned branches have access to printers that can print in Braille to ensure seamless account opening facilities and other banking transactions.

Ali Bu Hamad continued: "'Let's Be Aware' is an excellent initiative commitment towards diversity and inclusivity in banking. The campaign aims to ensure equal rights and access to financial services for all community members. The Bank supports the Central Bank of Kuwait and the Kuwait Banking Association's initiatives to advocate for an inclusive financial culture and establish a benchmark that focuses on raising awareness amongst customers with special needs about their rights and services at financial institutions."

Additionally, Ali Bu Hamad was recently featured on the Kuwait radio station 360 FM where he reaffirmed the Bank's commitment to the 'Let's Be Aware' campaign and further discussed the ABK's commitment as an ardent supporter of CBK initiatives and campaigns to increase financial awareness and inculcate banking culture amongst all segments of society.

For more information about ABK, please visit eahli.com

### Cementing its position as a development partner for the Oil and Gas sector

## KIB contributes in syndicated financing deal for Spetco

Hesham Al-Mubaraki

***Continuing to actively support vital mega development efforts and projects in Kuwait spearheaded by the Government and major national institutions, Kuwait International Bank (KIB) recently took part in a syndicated financing deal for SPETCO International Petroleum Company, supporting its execution of Kuwait Oil Company (KOC)'s Jurassic Production Facilities - 4 project, also known as (JPF-4), which is taking place in Al-Rawdatain. The collaborative transaction was successfully concluded by a syndicate of prominent financial institutions, including the Commercial Bank of Kuwait (CBK), Warba Bank, Qatar National Bank (QNB), and KIB. SPETCO had originally been awarded the USD 398 million project contract back in December.***

KIB's participation in this impressive deal came in an effort by the Bank to help the project achieve its ambitious development goals. The project is set to raise the local production rate of oil and gas by 50 thousand barrels per day of sweet processed crude, as well as 150 million standard cubic feet per day of rich, sweet and dried gas, which in turn contributes to increasing the national income from gas and oil.

On this occasion, General Manager of the Commercial Banking Department at KIB, Hisham Al-Mubaraki, said: "We are delighted at KIB to be partnering up with SPETCO on this milestone project, as SPETCO remains one of our biggest and most important clients within the energy sector. As a financial institution, we have always sought to support our corporate client in the oil and gas sector – which continues to be a backbone of our national economy and a key contributor to economic, financial and social stability. We are also always keen on actively contributing to the State's mega development projects in order to help Kuwait achieve its 2035 vision – with what it promises in terms of economic growth and national prosperity."

Here, it is worth noting that KIB has always played a pivotal role in the national economy, since its inception in 1973 when it was one of the earliest contributors to economic growth and diversity through its support of the real estate sector. Today, the Bank is continuing to leverage its position and status as a major financial institution to drive socio-economic growth on the national level, contributing to economic, social, humanitarian, environmental and cultural programs and initiatives across Kuwait.