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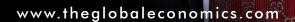
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### AN ODE TO OUR READERS

### Greetings from the Global Economics!

We are proud to present the 13th Issue of our quarterly magazine and are sure you will have a good time reading it. The past months marked a new hopeful beginning for the global economy as the world welcomed 2023. With global economic growth looking brighter in the first half of 2023, this year so far has seen many positive developments in the business sector.

The overshadowing effects of the Russia-Ukraine war are still persistent in the economy. This situation brought with it its own set of changed dynamics, and we are sure that everyone is aware of the fallout of this war.

Followed by the same, a much-talked-about issue in the past few months has been the polycrisis faced by developing economies, thus raising concerns about their financial stability.

Central banks across, on the other hand, are struggling to control inflation through a series of rate hikes. From the visions of Keir Starmer and the Labour Party to Mexico slowly becoming the next manufacturing powerhouse, the gone months have been unbridled for the business world.

Traditional sectors, like real estate, have had their fair share of ups and downs. All in all, the past weeks have seen many interesting advancements in the global economic environment which we have tried to include in this edition. We hope that you enjoy this issue of our magazine as much as we enjoyed bringing it to you.

Cheers!

The Global Economics Family





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## ABOUT THE GLOBAL ECONOMICS LIMITED

The Global Economics Limited is an established, well respected online and print business magazine based out of London. We provide thoughtful and in-depth analysis of current trends in various global business sectors.

Our publication provides readers with comprehensive coverage of a wide range of business topics, including banking, wealth management, cryptocurrencies, and fintech. In addition, we cover other vital sectors of the global market, spanning technology, real estate, hospitality, energy and other industries. We pride ourselves on providing up-to-date trends and news from the global business world. Our magazine is subscription based, and our readers comprise C-level executives, Directors and key decision makers from medium and large scale businesses.

The Global Economics Limited hosts a dedicated Annual Awards Program, aimed at recognizing key market players in varied business sectors worldwide, and honors them. Our prestigious Awards program delivers global outreach and recognition to winners. The Awards program is free to enter, and open to companies across the globe from sectors like Banking, Insurance, Finance, Technology, Hospitality and Real Estate, amongst others.



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'Slowjamastan'

### CHINA NEEDS TO REFORM ITS ECONOMY TO AVOID A **DEVASTATING RECESSION**

three decades. The country has gone from agrarian feed itself, to prosperous and dynamworld over have struggled to emulate the West. its performance. However, the peak might be near, as the country faces deep problems in its economy, at a model is vast and efficient welfare time when it can't afford any crises.

China's economy for the past three decades has operated under a similar paradigm as that of other East Asian powerhouses like Japan, South Korea, and Taiwan. First pioneered by Japan, this model is known as 'East Asian Developmentalism' and was implemented with variations by the aforementioned countries to achieve sizzling economic growth and go from poor, undeveloped backwaters into developed states within a short span of a few decades.

### Developmentalism with Chinese Characteristics

This model sees the state's bureaucratic, diplomatic, and regulatory apparatus proactively work towards boosting growth rates, particularly in exports and capital investments. The currency is kept undervalued, key trade deals are negotiated, subsidies and incentives granted, and preferential tariffs levied, all in an attempt to boost exports and access to foreign markets. China has been spectacular at this, being the world's largest exporter by a wide margin.

Another key characteristic is financial repression. The state artificially lowers interest rates and directs savings towards targeted sectors and goals. Directed towards physical infrastructure, capital investment, and

hina has been the economeducation, the focus is on improving ic wonderchild of the past competitiveness and moving up the value chain. China has done this on a massive scale, rapidly building roads, and under-developed, struggling to rails, ports, warehouses, and airports and flooding their universities with ic in a short span, and countries the money in an attempt to catch up with

> Finally, the third prong of this schemes to maintain social placidity. A strong social security net encompassing healthcare and pensions, and policies to keep inflation low and employment full, ensures social stability and central authority. Though the Chinese welfare system is far behind the others in this regard, it is still an important tool for Chinese stability.

China's particular version of this model, with added focus on national security, IP acquisition, and infrastructure, has worked spectacularly, with the country going from agrarian to urbanised in just thirty years of 9% growth. However, while the East Asian model is undoubtedly great at achieving economic growth, this model carries several dangers inherent to it, and it is these dangers that now risk undoing everything China has achieved.

#### China's Lost Decades?

In the 1990s, Japan went from the next economic superpower to deep stagnation. The country has barely grown at all in the last thirty years and is unlikely to do so in the future, with its population in decline. In the same vein, South Korea and Taiwan underwent major, major meltdowns in the late 90s but, unlike Japan, were able to reform and continue growth. However, it now seems that both of them might also eventually go the way of Japan.

The developmental model used by these countries simultaneously created certain structural weaknesses in them, and as China was able to leverage the model to maximise growth, those structural weaknesses have also been magnified to reach epic proportions. Along with that, China carries its own unique problems that don't bode well for the future.

The laser focus on exports by the East Asian countries created a dependency on foreign markets. Though it allowed rapid improvement in technology, foreign exchange, and living standards, China is now dependent on a hostile West to float its economy. Geopolitical trends mean that more and more Western firms are moving factories to places like Vietnam, Mexico, and India. One of the triggers for Japan's fall was pressure from America to curb exports, and a

similar happening now would be devastating for Chinese businesses.

Secondly, the state control of finance both reduced consumption by the people, as well as created a massive 'bubble' economy, where real estate and stocks are highly overvalued. This forces continued overinvestment in order to maintain growth. Physical infrastructure and education both reach saturation eventually and if an economy is unable to transition to crippling stagnation.

Thirdly, a population crammed into crowded cities, with long working hours and low consumption, Conclusion meant that birth rates in all these countries were extremely low. This means rising labour costs, a shortage of young workers, and ballooning welfare burdens. China's One Child

country has already reached its demographic crunch, with its population now declining, labour costs going up sixteen times, and unsustainable pension costs.

on food and energy imports, strict COVID lockdowns, and a slowing world economy, China now faces a perfect storm of crises. A recession now would be devastating. Even consumption-led growth, they face stagnation like Japan would be crippling, as China is locked into competition with America and has security threats on all sides.

China isn't going through a great time. Trade barriers are going up all over, and so is suspicion of over-dependence on Chinese imports.

Policy exacerbated this trend, and the Domestic consumption is low at just 40% of GDP, with millions of houses lying unsold. Levels of debt are massive. The population is rapidly ageing, and the government has grown increasingly unpredictable and repressive. At the same time, tensions with Combined with a dependence America and the West are at record highs, and an unstable global supply chain threatens their vital imports of food, raw materials, and energy.

> All this has contributed to a weak recovery from the COVID lockdowns, and the Chinese economy is facing strong headwinds to further growth. Unless the Chinese are able to reform their economy and increase consumption, they face the prospect of a Japan-style Lost Decade. Though the CCP has taken note of the crisis, it remains to be seen whether it is up to the task of handling it.



### GREEDFLATION: UNDERSTANDING ITS EFFECTS ON THE GLOBAL ECONOMY

reedflation, like Bidenom- How is it bad? ics or Bidenflation, is a loaded term. Many counwitnessing sharp increases in inflation rates. There are many causes for this unprecedented surge in prices them sustain their businesses. So it is but we can trickle it down to two main reasons: The covid-19 pandemic and Russia-Ukraine war.

#### What is Greedflation?

Greedflation is basically the combination of two words: 'Greed' and 'Inflation'. It is characterized by the notion that inflation is driven by corporate greed, hence the term 'Greedflation'. We have already seen in news frequently about central banks increasing interest rates to control inflation. The banks usually raise the interest rate to manage demand, control inflation, and avoid the wage-price spiral. Fiscal policies must be used to control the price hike pressures. The wage-rate spiral mainly occurs when the rising prices cause an increase in wages, which induces further price increases. When all this happens, the central banks intervene with their fiscal policy measure to bring price stability.

### **Greedflation occurs when** the Profit-Price spiral gains momentum instead of the Wage-Price Spiral.

The Profit-Price Spiral happens when corporate companies raise their prices excessively to increase their profits, which also contributes to inflation. Businesses may exploit dire situations like natural disasters by increasing prices for higher profits. Many experts and analysts have argued that after the pandemic, many business corporations have used the situation to their benefit by increasing prices in order to gain profit.

The main goal of companies is tries around the world are usually profits and they try to charge a price that would maximize their gains. These profits would in fact help not a practical idea to ignore profits altogether. So when does it get bad? There is something called price gouging, where the prices of commodities are pushed higher beyond their usual range. And at this point, the normal working of a capitalist economy

For some managements, inflation is a good sign. The producer price index and import prices have increased recently but started to decline and this supports a brightening outlook for S&P 500 core margins, reports Bloomberg. Margins get better when there is inflation. But when the inflation begins to cool off, the managers face the incentive to slow that process by widening their markups. This is the point where the incentives of the corporate executives won't go hand in hand with the central bank.



wanders into exploitation. When the companies get the hang of this profit-led inflation, thinks that customer would pay extra. In such cases, the profit motive can become the driver of inflation. But experts suggest that they don't last much.

### Affecting the economy

According to experts, it would be better if executives cut their margins when inflation happens and union leaders fix the wage deals below the inflation level. But that rarely happens as it is not in the direct interest of their members and shareholders. If the pricing power, however, is higher than it used to be, it will create problems.

Companies are also trying to boost their margins and this could be done by raising the prices or by laying off employees, which will both affect the economy in negative ways. From the point of view of equity investors, the main aim is to find the ones with real pricing power.

In order to maintain the margins, companies would have to adopt measures that will be risky. Corporate margins, to this date, did not have much effect on the rise of inflation. But they have a considerable role in determining the way the economy

### RISING INTEREST RATES AND A CLASS OF STRUGGLING PEOPLE

entral Banks is on an interest rate hiking spree and it hardly affects the wealthy. But the interest rate hikes are having an inordinate effect on those that can least afford it. A better check on the interest rates must be done quickly along with having flexibility on reaching inflation targets.

### A Warning Bell for Global Recession

The other sectors are struggling too but the actual damage is done to the SMEs and home renters. The main of the Federal Reserve is to ease the labour market, or so they say.

The Central Bank directives don't exactly specify the unemployment targets as it is hard to micromanage the labour market. Business loans will have floating interest rates, making things difficult for business firms.

According to Bloomberg reports the US manufacturing managers survey June reading of 46 signals contraction; Germany's 40.6 number is supposed to be a warning signal. The money supply measures and loan lending are considerably slowing across the world.

The European Central Bank's annual global policy forum in Sintra insisted on the fact that more monetary policy tightenings will happen in the future and borrowing costs will be on the higher side for a longer period.

The regulators will be more focused on econometric models which are deemed useless by strong employ-



against 30% of owner-occupied houses with mortgages.

Some experts estimate that the weight of increasing interest rates is manageable for the top 40% of the income producers who hold mortgage debts. It's good so far, but things go out of hand when the unemployment rate increases. This is also the very thing that the Bank of England tries to take control of to regain the 2% inflation goal.

High-interest rates are enhancing inequality. The Office for National Statistics estimates that the UK has a savings of 10% of GDP, after increasing during the pandemic. Private sector wage growth of more than 7% will ease the impact for higher earners.

> The central banks that are caught in the loop of inflation that the policy tightening implemented so far will take time to have an impact. In a frenzy to control the surge of commodity prices, the possibility of pushing the economy into a recession is often ignored.

ment and incomes. Central Banks are also obsessed with 25 inflation targets and this is again not useful in a post-pandemic era. In the UK, the situation is worse. Analysts estimate that the Bank of England will increase the rate to 6.3% compared to 5.6% for the Federal Reserve. The European Central Bank, on the other hand, plans on increasing the rates by iust over 4%.

is likely unavoidable.

**The Credit Suisse** 

collapse, SVB

collapse, and the

ruin of several other

banks was a warning.

The central banks have a duty to their citizens to ensure that the poorest section of society is not affected by an avoidable recession. Former Bank of England chief economist Andy Haldane mentions that the central banks should tolerate above-target inflation and avoid glutting the economy. Homeowners without debt would benefit from the higher rates while BOE's plans are being displayed

### SRI LANKA, PAKISTAN, **CONGO - DEVELOPING ECONOMIES WORLDWIDE** ARE COLLAPSING... WHY?

With the growth in developed nations down to just 0.5%, nobody has managed to remain unscathed. However, the real losers in this crisis will 
The Demand Side Shock be the vulnerable populations of the developing world, as they have fewer resources and fewer avenues to tackle the crisis. More than a third of the world is already in an ineffective recession, with living standards still 6% below pre-pandemic levels.

As the crisis deepens, the impact on developing countries has become especially bad, particularly in terms of rising unemployment and a widening external financing gap. A sharp decline in international trade flows, commodity prices, interna- sis. tional tourism and remittances have contributed to a significant deterioration in the current account balances of many developing countries.

A cursory look at the list of countries facing a debt crisis reveals some common trends. Worldwide, developing countries as varied as Egypt, El Salvador, Ghana, Lebanon, Malawi, Pakistan, Tunisia, Sri Lanka, Ukraine, Zambia, Afghanistan, Cameroon, Congo, and Ethiopia are facing credit crunches. All of these countries are dependent on tourism or commodity exports, and all have high levels of foreign currency-denominated debt.

The threat to developing economies is threefold - a collapse in global

he world economy is mired demand for important sources of forin the most severe finan- eign exchange due to the pandemic, a cial and economic crisis collapse of supply chains for crucial since the Great Depres- commodities like food and energy sion, which threatens the ability of due to the war, and a growing capimany countries to confront issues tal crisis. Countries like Sri Lanka such as poverty, hunger and conflict. and Zambia have already defaulted, and several others seem to be headed down the same path.

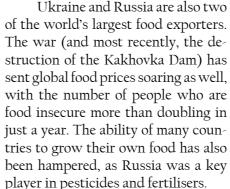
The COVID-19 pandemic put an almost complete halt to tourism globally, as countries closed their borders and instituted lockdowns to control the spread of the virus. This hit many developing countries very hard, as their economies were dependent on tourism for foreign exchange and employment generation. Countries in this category include Egypt, Tunisia and Sri Lanka, and in all these cases, the drop in tourism revenues has led to an acute balance of payments cri-

Simultaneously, the slowdown of the advanced economies (which are projected to see just 0.5% economic growth this year) has stemmed the demand for exports from these very same developing countries. Most developing countries depend on exports of raw materials such as petroleum, ores, and certain agricultural products, and with the slowdown in the developed world, the developing world now has fewer buyers for their products, exacerbating an already risky situation.

The reduction in demand from stagnation is also compounded by the new trend of nearshoring and rapidly fragmenting international trade. Countries are raising tariffs and erecting trade barriers in a bid to protect their home markets, and this is further harming any chance of economic recovery many developing nations had.

### The Supply Side Shock

While the demand shocks are serious by themselves, the final straw for many of these countries has been the simultaneous supply shocks in various key sectors. Global energy prices went soaring after Russia's invasion of Ukraine as the West imposed sanctions and price caps on Russian energy. This has caused a global energy shortage as the Europeans scramble to find new energy providers, and the sanctions raise fuel prices far beyond the ability of many poor countries to pay.



This twin blow to two of the most important consumer products means that inflation is now sky-high worldwide. While developed nations face this too, they are better equipped to find new sources, pay higher prices and restructure their economies this is something beyond the pale for most developing countries. As consumer prices skyrocket, developing countries like Pakistan, Egypt and Sri Lanka face growing import bills and social discontent.

### Financial Drought

The third in this unholy trinity is the global financial situation. With the advanced world rapidly ageing

capital, something which is prohibitively expensive now.

With capital controls making a comeback, large amounts of capital are being redirected to boost defence in a degraded security environment, and economies are turning increasingly inward. Developing countries are being starved of capital for essential purposes such as basic infrastructure, healthcare and education, and industrial investment.

With most of their debt denominated in dollars, euros or yuan, these countries are seeing interest rates rise, and refinancing options diminish, with many countries now spending a majority of their budget on debt servicing. What this means is that the developing world is simultaneously facing an increase in challenges and a reduction in available resources to face these challenges.

There are some exceptions, of course. India is entering a period of rapid economic growth, as is Mexico and some regions of Southeast Asia. But on the whole, Latin America, Africa and the Middle East, in particular, could see the biggest drop in living standards in human history soon. Expect social instability and protests to rise and uprisings like those in Sri Lanka or Pakistan to become depressingly common.

Low-interest emergency loans, food and energy aid and preferential market access, would go a long way towards preventing the collapse of developing economies worldwide. With hundreds of millions of people struggling to obtain enough food, electricity or employment, the developed countries need to intervene quickly and in concert if a global catastrophe is to be averted.





The country suffered the worst per capita death rate in Western Europe. When the effects of the pandemic slowly eased, the Russia-Ukraine war pushed Britain and the rest of Europe into another turmoil. The resignation of Boris Johnson, Liss Truss's swearing-in as the PM, and the following catastrophic budget announcement all created havoc in the country's governance. Even the economic performance hasn't im-

The country is expected to be the worst economic performer among the G7 countries. It is said that the UK will become poorer than post-communist Poland by the end of the decade and Infla-

> tion, on the other hand, is barely eas-

The country will hold its next general election by January 2025, and most expect Keir Starmer to have a

good chance to become UK's 58th Prime Minister. Since late 2022, the Labour Party has had a reconcilable double-digit lead which is again making things difficult for the conservatives. This is also a hard blow to conservatives as Labour Party has the chance of overtaking them as the largest party in local government for the first time in more than two decades. Starmer

en" change that is influenced more by practicality than ideology and emphasised that working people want changes and expect politicians to fix it rather than giving out fake promises.

### A late entry into politics

Starmer entered the Parliament in the year 2015, at the age of 52. But one cannot say that he was away from public service all this while. Starmer for the bulk of his career was spent as a human rights lawyer and had helped abolish the death penalty in many parts of Africa and also in the Caribbeans. He had also vocally advocated against the Iraq war as it was unlawful under international law.

Four years after entering the parliament, Starmer quickly rose through the party ranks to be one of the moderate figures of Corbyn's team of ministers. Under Stramer's leadership, the Labour Party went through a lot of changes. Labour's policies for nationalizing public utilities have been cast aside by the promises to deliver the highest sustained growth among the G7 nations.

### Focusing on economic growth

Labour Party is positioned as the party of business by Starmer and invites corporate leaders to bring in suggestions on its economic plans. The party has also shifted to the mainstream in terms of foreign policies and positioned itself as admittedly Atlanticist and pro-NATO. Starmer is gearing up for the next general elections with advice from the last two living prime ministers of the Labour Party, Gordon Brown, and Tony Blair.

Economy

# WHY GERMANY IS IN RECESSION: 3 PROBLEMS IN FRONT OF THE GERMAN ECONOMY

ecent revisions to economic statistics have revealed that Germany, the manufacturing powerhouse of Europe, is technically in a recession. After having recorded a drop of 0.3% in the last quarter of 2022 and then 0.1% in the first quarter of 2023, the German economy is facing its greatest challenges since the Great Recession. As the lynchpin of Europe, the future of Germany plays a large role in the future of the EU, and with Europe already facing multiple crises from all directions, understanding the problems in the German economy becomes crucial.

### A pervasive energy crisis

The first, and probably the most important in the short term, is, of course, the global energy crisis precipitated by the Russian invasion of Ukraine. Before the war, Russia was the largest supplier of energy, mostly in the form of natural gas, to Germany. It was this supply of massive quantities of energy at low costs that gave a big impetus to German industry.

Many experts had even described the German dependence on Russian gas as an 'addiction', and this assessment proved to be accurate. In the aftermath of the war, the supply of natural gas coming from

Russia gradually stemmed as a consequence of economic sanctions on Russia, Russian retaliation by cutting gas supplies, and the bombing of the Nord Stream pipeline. This has drastically cut the amount of Russian gas reaching the German system.

This has had several consequences. Firstly, the most direct consequence has been that Germany had to rapidly new sources of energy, which came to a large extent from Qatar and American LNG. Though supplies were secured, the cost was considerably higher, and the German government shielded consumers from the effects by redirecting supplies away from the industry.

Though this may have been successful in shielding consumers from a catastrophic winter, the effects have been equally catastrophic for the industry.

Cheap energy is the foundation of many modern industries, such as chemicals and metals, and these sectors have been effectively destroyed by the energy crisis. The chemical giant BAF recently announced a permanent downsizing of its massive chemical plants in Germany, and many aluminium smelters have also shut down. This effect is not restricted to these first-order sectors, though. Metals and chemicals are the keystones for other, more advanced, and value-added industries, such as aerospace, machinery, and, importantly for Germany, automobiles. These sectors are also expected to suffer as the downstream supply chain gets disrupted.

HOLZMARKT TOTOLETS

The high energy prices have also pinched consumers' pockets, putting a damper on consumption. Germany already had a somewhat low consumption rate, and the dip has low-

ered demand considerably at a time when exports are also uncertain.

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excellium

### Export dependence in an uncertain market

Germany is an export powerhouse. In some years, this small country of 80 million has logged comparable exports to the gigantic Chinese economy, which is no small feat. Moreover, German exports are generally of very high quality and value, comprising chemicals, machinery, automobiles and computer components. By most measures, a minimum of one-third of the German economy is dependent on exports.

This is fantastic for economic prosperity, and this massive export balance is one of the primary reasons for German prosperity and economic heft. However, it can also be a double-edged sword. At a time when the

global economy is looking exceedingly shaky, and inflation is reaching sky-high levels in most developed countries, the dependence on exports can become a liability instead.

Countries like America, which have high consumption, can fuel economic activity through their own internal demand, but this is not an option for Germany. The German economy needs to find external markets to maintain its standard of living, and this is not something that can be counted on today.

Both of Germany's two biggest markets, the United States and China, are going through their own economic issues. America is grappling with high inflation and lagging growth rates, while the Chinese post-lockdown recovery is looking very uncertain. Meanwhile, even the German home market, in the form of

the common EU market, is dealing with severe issues in the form of the Ukrainian refugee exodus, the aforementioned high energy prices, and the absence of growth. This means that Germany cannot depend on exports to fuel its recovery and war expenses, and its internal consumption is insufficient to make up for it. And that's because the country will soon be short on people as well.

### An ageing demographic profile

The last issue is more structural than the others. While workarounds can be found for energy shortages or flagging exports, Germany can do very little about its looming demographic crisis.

Germany is already the second oldest country in the world, and most of its baby boomer generation is retiring in the coming years. With a very low birth rate and high life expectancy, this will create what is known as an inverted demographic pyramid. This is a situation where Germany will have many more retirees than young citizens, meaning that not only will the country have a shortage of workers but also a shortage of consumers. The famed German social security net will also be put to the test as the state struggles to pay every inflating pension bill. This puts severe restrictions on the state's fiscal options as well.

While mass immigration could be an option, events in past years have shown that there are societal limits on that as well, and too much of it could affect social stability, It is not all doom and gloom, though. The magnitude of the recession has so far been relatively small, and Germany is still home to one of the world's most skilled and educated workforces, with great infrastructure and efficient government.

However, the challenges that it faces are certainly steep, and whether or not Germany is able to tackle them will decide the economic future of Europe in this decade.



The de facto control of some powerful nations is questioned for the negligence of siding the smaller nations that are most prone to the adversaries of global change from decisions relating to countering global warming. The fancy Paris summit led by the French President Emmanuel Macron is doubted, as he might not be able to take major decisions to counter significant challenges besides resolving some smaller problems.

### Participants of the Paris Summit

The Paris Summit will have substantial participation of leaders from developing nations from Africa and Asia, and elsewhere, giving them an important say on the table. Climate change is the key topic of discussion for the summit, alongside poverty reduction and debt remodelling. The Paris Summit will have representatives from over 100 countries. It is assumed that heads of state and government of a wide range of countries ranging from Germany to Zambia and Brazil to Senegal.

Climate activists Greta Thunberg and Vanessa Nakate, Barbados Prime Minister Mia Motely, World Bank President Ajay Banga, US Treasury Secretary Janet Yellen, IMF Managing Director Kristalina Georgieva, and Chinese Premier Li Qiangare are some of the attendees of the summit.

Mia Motely, the Barbados Prime Minister, will be responsible as the Bridgetown Initiative's leader. It is a plan to remodel developmental lending by releasing money after climate disasters. Its main aim meeting since his promotion. is to solve the high borrowing rates and provide some relief to developing nations. Leaders need to be willing to accept the change and make bigger by \$50 billion over a decade. and stronger decisions, said Masood Ahmed, the Center The Problem of Global for Global Development think tank president in Washington.

Having served in the IMF and World Bank, the former senior official said it would not be easy to gather the political will to spend taxpayer money on resolving the climate change crisis. A French government official, who wishes to be anonymous because of the nation's presidential policy, said that French organisers want to show the world that they can handle resolving poverty and climate change simultaneously. As per the organising committee, the Paris Summit will close with a set of commitments and will have a list of expectations from the meeting of the UN climate conference and the Group of 20 major economies. A US Treasury official told a news outlet that big financial commitments must not be expected from this summit. The Paris Summit should be perceived as a platform to push for change in the operations of global developmental banks.

#### World Bank

The World Bank is, however, stepping aside from the public comments of its former President David Malpass, who stated his doubtfulness about the science of fossil fuel combustion leading to global warming. He was replaced by Ajay Banga. He will be attending his first big international

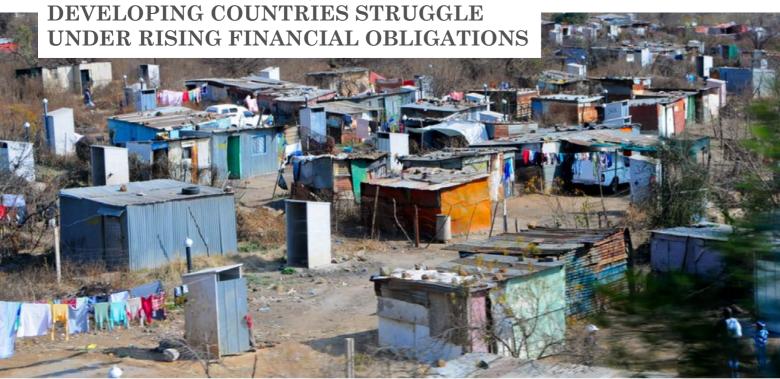
The World Bank has announced that to tackle poverty and resolve the climate change crisis, it will boost its lending

### Banks

The US Secretary of the Treasury, Janet Yellen, has been vocal about including climate change in global finances since 1997 when she was chair of the White House Council of Economic Advisers. She has demanded seats for the lower income countries or the smaller nations that are at the most risk of global warming in the discussions of fighting climate change. She has also been asking for an amendment in the standard of procedure of the global banks. She said last October that we must aid developing nations in transitioning to a carbon-neutral economy and providing them with access to clean energy sources.

As per Dartmouth climate scientist Justin Mankin, global development banks have a soft corner for the wealthy and industrialised nations while lending for climate change. He says that it will be tough for developing countries to compete with climate change in a world where the richer nations are the largest contributors to global warming and have deep pockets. The former IMF and World Bank official, Ahmed, has said that such conferences will have to face the brunt of subdivided interests and increasing geopolitical tensions, especially between the United States and China.

### **'CAUGHT IN THE QUICKSAND':**



he global economy is currently witnessing what could be called a 'polycrisis'. The pandemic, the Russia-Ukraine war, tightening monetary constraints by the countries, and sky-rocketing inflation have negatively impacted the world economy, especially the developing countries. Eradication of poverty remains the number one priority for developing countries but multiple crises have shaken even the political stability. The challenges, which are also mentioned in the latest issue of the World Bank's Global Economics Prospects reports, are a matter of serious concern and require immediate action.

growth is expected to slow significantly, and the possibility of more bank turmoils and tighter monetary policies could result in weaker global growth. This could most importantly lead to financial dislocations in emerging markets and developing economies (EMDEs). By the end of 2024, the economic activity in developing countries is predicted to fall 5 percent below the levels projected during the Covid-19 pandemic. hand, started 2023 with solid growth What's worse is that in more than one-third of the poorest countries,

the income per head will fall below 2019 levels in 2024 affecting the poor much more by making it difficult to their human capital.

Regardless of the bleak out-

### Dissection of regions

look, East Asia and the Pacific region are recovering, supported by strong activity in China following the restoration of the economy as there is a sharp decline in Covid-19 infections. According to the World Bank Global Economic Prospects, growth in Europe and Central Asia is the slowest among the six EMDE regions and the slowdown was based on the Russia-Ukraine invasion, increasing According to the report, Global inflation, and reduced business and consumer confidence. In Latin American economies, growth slowed in 2022 from the unusually high rates in the initial post-pandemic recoveries of 2021. The slowdown extended into the second half of 2022, showing weaker external demand growth and both domestic and global monetary policy tightening.

> The MENA region, on the other momentum in oil-exporting economies because of high oil prices. This

has helped these economies grow at a decade-high rate in 2022. South Asia had a rough time in 2022 from the rapid monetary policy tightening in advanced economies, the war, and the Chinese slowdown.

The regional economic conditions seem to have improved so far in 2023, but the economic and financial consequences of these events remain. The sub-Saharan African region underwent many country-specific and external economic issues. Generally speaking, the reduction in global inequality seems to have been interrupted.

#### Causes for the stagnancy

The reasons for emerging economies to stay without improvements are many. The slowdown in the growth of world trade is one of the significant reasons. Between 1970 to 2008, World trade grew at an average rate of 5.8 percent in a year and the GDP averaged 3.3 percent. But when we look at the period between 2011 and 2021, the average growth of world trade stood at just 3.4 percent, while the gross domestic product plunged to 2.7 percent. The financial challenges faced by developing nations come mostly from the accumulation of long-term debts. The low-income countries are battling with the high-interest rates and constantly changing credit markets which creates debt difficulties.

Debt pressures on the poorest countries are not something new. The payments of interest on public What could be done? debt as a share of government revenue in low-income countries have

average among emerging markets and be taken to cater to financial and macdeveloping economies. Substantial debt relief is a necessity now and the interesting part is, much of that must come from China in one way or another. This issue of debt and interest rates has become a significant prob-

According to the World Bank increased sharply and stayed above reports, comprehensive action must

roeconomic stability. Among many low-income countries and emerging markets, the importance of boosting fiscal sustainability will call for the generation of higher revenues which helps in spending more efficiently and improves debt management practices. Recommencing international cooperation is also necessary to address other pressing issues such as climate change and poverty and provide debt relief to deserving economies.

### **DEBT CRUNCH: ARGENTINA-IMF DEAL** WORTH \$44B STALLS

looming between Argentina and the Internation-**L**al Monetary Fund with delegates from both sides expected to meet to get financial assistance. Rising Inflation Pressure The talks would potentially restore the country's debt deal which is also critical in avoiding default on debt payments. In 2018, Argentina struck a deal worth \$57 billion with IMF which had failed and was replaced with a new \$44 billion program last

The country had also been struggling with inflation and currency rises for years now. The economy minister of Argentina Sergio Massa is set to reach Washington this week to hold talks to boost the International Monetary Fund's disbursements and ease the economic targets attached to the deal. This move would be watched by traders and investors alike.

The South American country is at risk of missing debt payments as the economy struggled with its key products of soy and corn due to a major drought. The net foreign currency reserves are estimated to be on the negative side and have a due of \$2.7 billion this month alone.

Analysts estimate that the negotiation has stagnated and has yet to see significant progress. According to an economy ministry source, there is

\$44 billion dilemma is a potential sign of hold-ups as Massa's trip could be delayed based on the progression of virtual talks, reports Reuters.

The pressure is rising in Argentina as the inflation rate hits 114%. The rising rate hits the spending power and salaries. Reserves are collapsing, with the number of people living below the poverty line increasing and the blame goes to the stiffness related to IMF.

The streets are filled with protests against the government's mishandling of the economy. "We must change these economic policies, we must break with the dependence on the IMF," stated Hugo Godoy, marching on Friday in Buenos Aires as part of protests. The government was hoping to bring over \$10 billion in IMF spending organised for this year.

However, this is a hard pass to agree on as measures are tighter due to the upcoming October elections where the current government could face a defeat. Investors are also paying attention to the hints from IMF discussions. Economists also analyse that receiving funds would be extremely critical to financial burdens at this point. The hope of having progress with the IMF and local debt

exchanges has jogged up Argentina's dollar-denominated bonds from 'high-20 cents' on the dollar in May to mid-30 cents currently, reports Reuters. The country had been using local debt to push back peso-denominated repayments. They also extended a currency swap lion with China.

The country also faces a lot of obligations with private foreign creditors in the coming year. As the debt figures rise, many fear that even the IMF help would not be sufficient to solve the country's monetary problems for long.

The Institute of International Finance, a banking trade concern located in Washington stated that anticipating disbursements could be a 'damage-control' solution till the current government's term end in December. As a tiny ray of hope, Argentina's inflation cooled down in the month of May for the first time in six months and fell below the expert estimates. The inflation rate still stood at 7.8% for the month.

When we look at inflation, it is still at a very high rate, but the fact that it has cooled down a bit gives some sort of hope for the economy by removing some pressure. The economy is currently in one of its worst conditions with more than 40% living below the poverty line.

### AMID GLOBAL PESSIMISM, INDIA STANDS OUT AS A RARE BRIGHT SPOT

a period of sustained decountry stands out as immune to this trend. India is already the fifth-largest economy globally and will soon become the third-largest by 2027. Estimated to make up a massive chunk of ing. global growth, this potential has been recognised by global leaders, with everyone from Joe Biden and Vladimir Putin to Google and Apple vying to establish a deeper relationship with the country.

India is always seen as lagging behind China and has a reputation for mediocre economic performance. overseas as businessmen, traders, However, this time around, the confluence of several factors has practically guaranteed that India will make ence in almost every country in the great gains in the coming year. Due world. Regions with particularly to India's non-committal diplomacy, high concentrations include the Gulf the democratic rule of law, and desstates, the Anglophone states of the mographic dynamism, the country is UK, the USA, Canada and Australia, quickly positioning itself to be the East Africa and Singapore. 'Switzerland of Asia'.

Demographic Dividend & An Influential Diaspora

China as the world's most populous nation, and the country's young average age, low labour costs and enormous numbers mean that India is all set to enjoy the largest demographic dividend in history.

As countries the world over struggle with ageing populations and labour shortages, India has the leverage to become the factory of the world with its vast labour force.

India's large and young population grants it enormous amounts

s the global economy enters of consumption, capital generation, and human capital in the coming pression and growth rates years, and this potential has been rec-Islump the world over, one ognised by the country's leadership as well. This means that the coming few decades will see Indian labour productivity rise exponentially, along with major gains in standards of liv-

> Another important reason for India's rise is the enormous Indian diaspora. Numbering more than 18 million, the Indian diaspora is the largest in history and also one of the most influential.

> Indians have long migrated managers and technicians, and this has led to a noticeable Indian pres-

People of Indian descent can now be seen leading several countries, corporations and institutions globally, and this has translated to a India has already overtaken massive spread of Indian business and personal connections internationally.

> This is a huge benefit for India, as the diaspora not only sends back enormous sums of foreign exchange each year (\$89 billion in 2022) but also helps establish business contacts, cultural links, investment opportunities and political bonhomie.

Democratic Island of Stability

In the wake of increasing geopolitical tensions, many corporations have started to pay closer attention to

diplomacy and security matters, and India has been quick to grab that opportunity. Recent global events like the Russian invasion of Ukraine, the pandemic, the Nagorno-Karabakh War, the Taliban takeover in Afghanistan and increasing tensions over Taiwan all serve to highlight that the world system is much weaker now than ever before, and global trade is under threat.

However, they also highlight just how stable India really is. Beyond all the headlines of civil strife and standoffs with Pakistan, the truth is that India's democratic system makes it extraordinarily stable for the region.

While most countries in the region regularly endure coups, war, civil wars, defaults and terrorism, India stands out for the regularity of its elections, the rule of law, and relative security. India is the only country in Asia to have stayed a democracy since its inception, and this stability now makes India an attractive destination for investment in uncertain times.

Geopolitical Swing State

As the world increasingly falls into two factions, with NATO, Japan, South Korea, Australia and others on one side and the other side, including countries like Russia, China, and Iran, among others, India has man-

aged to maintain a remarkable veneer of non-alignment. While politically closer to Western democracies and economically intertwined with Anglophone countries, the country also maintains strong defence ties with Russia, trade ties with China and Japan, and cultural ties with Southeast Asia.

This has allowed India to manoeuvre between the two sides for maximum gain, buying cheap energy and grain from Russia while exporting to the American market while importing technology and capital from the UK, UAE and Japan.

Not only does India enjoy the best of both worlds, but it is also developing a reputation as the 'Switzerland of Asia', leading to a flood of capital from the world over.

India is also expected to benefit greatly from the new trend of 'friendshoring'. Friendshoring refers to the recent phenomenon where countries seek to restructure their supply lines away from strategic competitors and towards more friendly states.

After the COVID-19 pandemic, many Western countries realised the risk of relying on just one country for all manufactured goods and strove to move production out of China and into more friendly countries.

While many countries benefited from this, such as Vietnam and Mexico, a giant chunk of it went to India, often in very high value-added sectors.

Companies like Apple have started moving some of their electronics production into India, and manufacturing exports have been booming in the coun-

India has thus positioned itself as the rising star of the next decade. Even though the country faces challenges ahead, such as hostile borders, ethnic tensions and low urbanisation, its leadership, vast size, and political stability practically guarantee it to be a major success story of the 2030s.



### REVOLUTIONIZING TAKAFUL INSURANCE: CEO AMRO'S INSIGHTS ON LEADING BURGAN TAKAFUL TO SUCCESS



ongratulations on winning the "Fastest Growing Insurance Company" award in Kuwait.

Please share with our readers some best practices that took you to this victory.

"Weyak" is our newly coined slogan, that we pride ourselves on. It is primarily an Arabic word that means "together".

It depicts how committed we as an organization are to serving our clients, constantly enhancing our methodologies, and empowering the leadership within ourselves.

At Burgan Takaful, we strive to forge deep bonds with clients grounded on the takaful spirit and leave a positive influence on the community as a whole.

Can you highlight some salient features of Kuwait's new regulations on the insurance sector for our readers? Do these regulations open new avenues of growth?

It is undoubtedly a matter of great concern, that the latest Insurance Update by the Insurance Regulatory Unit (law number 125/2019), is expected to restore stability in Kuwait's insurance market.

The new regulation is considered a salient feature and helps in

coordinating and putting together the market's competition. The law increases the investors' appetite to invest as it reserves more rights and provides stronger supervision.

Why is it the need of the hour to insure our assets as well as our health?

As the name indicates, "Insurance" is a way of transferring an individual's or an enterprise's risk to an external party, be it damage of a possessed commodity or one's own vulnerable loss which thereby, assures peace of mind.

It basically provides vital security to one's valuable assets like automobiles, residential properties, essential commodities, and even the policyholder's own health. In the current circumstances and ways of life, anyone could be a victim of critical illness incurring huge medical expenses.

Possessing a medical insurance policy comes with great benefits where the policyholder can not only be assured of diagnosis and treatments but can also access other intensive healthcare supports.

Have modern technologies like AI, predictive analytics, and machine learning started transforming the insurance sector? If so, how is modern technology making its place in Burgan Takaful?

Like the other mainstream enterprises in the service sector, we are very keen on integrating modern technology like AI (Artificial Intelligence) into the insurance sector. We have implemented a few tech-driven tasks into our standard modes of operation which digitizes our services

that mainly include underwriting and claims settlements.

Congratulations on winning the "Best Emerging CEO in takaf-

We are very focused on maintaining our web presence which facilitates our marketing with ease. We, at Burgan Takaful always strive our best to cope and adhere to the use of modern technology catering to our client's tailor-made requirements.

How important is customer satisfaction in the insurance sector? What sets Burgan Takaful apart in terms of customer service? What was the role of customer satisfaction and relationship management in cementing this victory?

Customer satisfaction, undoubtedly is a direct measure of how well a company's overall products and services appeal the consumer expectations. Customer feedback and the organization's responsiveness reflect a healthy business for your clients and investors.

At Burgan Takaful, we consider our clients a part of our success. Burgan Takaful's vision revolves around strengthening the relationship with its ever-growing customer base and reflects the company's ideal business values based on always ensuring the highest levels of customer satisfaction

Burgan Takaful's strategy provides customers with the core of their attention, and everything the company does revolves around winning and maintaining their satisfaction.

We look forward to strengthening the clientele relationship by providing high-quality insurance services that meet all their expectations with utmost professionalism.

Congratulations on winning the "Best Emerging CEO in takaful Insurance" Mr. Amro. What is Burgan Takaful hoping to achieve in the next half of this financial year? What are your leadership philosophies?

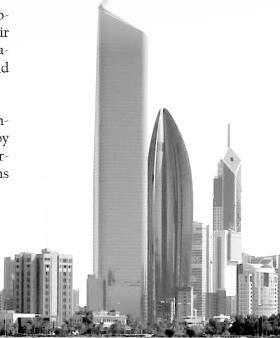
We in Burgan Takaful work as one team, so you can say my philosophy is "One for all and all for one" as we work closely to achieve our goals.

Of course, leadership is essential but no one can reach heights without a skillful team, and as recognized in our brand identity, we are a chain of professional experts.

In addition, we are focusing on digitizing all our company's transactions to facilitate clients' policy purchases and compensation settlements.

Moreover, in keeping up with the latest technical advancements worldwide, we have chosen to work closely with reinsurers that are backed with high expertise and exceptional financial knowledge.

We are also working on an application that will ease the compensation process making it more feasible for our clients. This, I believe will enhance the brand awareness that we are striving hard to achieve.



 $rac{22}{1}$ 

### SAUDI ARABIA TO CUT OIL PRODUCTION AND RAISE PRICES

audi Arabia has announced a other one million barrels per day to stabilise the falling oil prices. This will be effective from July for a month; further extension is not anticipated.

The cartel of oil-producing nations, OPEC Plus, held their meeting on June 4 in Vienna which witnessed cut. This will bring down its total

The OPEC Plus consists of the Petroleum Exporting Countries (OPEC), Russia and several other small producers.

The organisation was under wasn't raised. constant pressure to curb the bearish nature of the oil prices that have been falling for the past few weeks. Oil prices have fallen almost 15% over the last seven months, despite two significant production cuts by the organisation.

They agreed on a resolution after two days of cut-throat negotiations over the weekends. They will adjust the output quotas of member countries. This will be subject to member capacity as some wish to increase production while others prefer to reap more benefits by lesser supply.

Member nations like Angola and Nigeria lack the ability to produce up to their prescribed quotas, leaving an uncalculated gap in the oil market. But this time, they have agreed to reduce their output quotas after conducting an independent review of the production infrastructure.

they were unable to complete their quotas, taking up space from those who could fill the gap.

Russia was already following cut in oil production by an- its lower production quotas. It had previously announced a reduction in production by 500,00 barrels per day voluntarily.

The increased Russian oil production and widespread demand due to the massive discounts led it to capture a larger portion of the Asian market, especially India. This became Saudi announcing the biggest output a topic for a heated discussion as Russia was expanding by eating out of output to nine million barrels per day. the pie of Middle Eastern producers.

The United Arab Emirates the members of the Organisation of emerged as a victorious party struggling to raise its quota. It always wanted a higher production quota and even warned of withdrawing from the organisation if the quota

> The nation's energy minister announced its absolute support for the OPEC Plus after sealing a deal for a higher ceiling from 2024.

OPEC Plus said in a statement that they are acting to stabilise the oil market, and their current stance is appropriately aligned to bring a balance in the global oil economy. They have proceeded with preemptive and proactive measures to achieve their goals.

All these measures are focused towards preserving profits through oil price control. But, after the announcement of the global oil benchmark, Brent crude was up 2.3%, hovering at \$78 per barrel. The US benchmark WTI increased to \$73.40, a gain of 2.4%. The average price for a gallon of US pump unleaded gas took no hit, sustaining at \$3.55.

### This was an applauded step as Riyadh's surprising factor

Prince Abdulaziz bin Salman, the Saudi Minister for oil, was quoted calling this announcement "the 200,000 barrels per day from 2024.

Saudi lollipop" during his address to the conference. He explained this decision of further reducing oil output as a trick to surprise the market participants and give the prices a bullish sentiment.

Oil prices have been facing a lot of heat due to anticipation of a winter for the global economy, especially the mother market, the United States. The talks of a growth slowdown in major economies like the US and China have crippled the short-term mar-

The US debt default saga has been a rollercoaster ride going on for the past few weeks. Though they have been rescued temporarily, it showed the inside damage of the pockets of

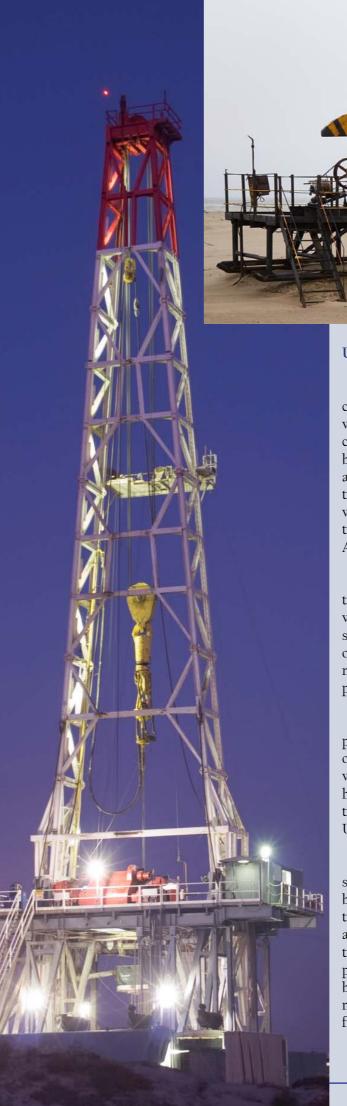
China has its own slowdown story, and ironically, this is benefitting one of its European trading partners. Germany, Europe's largest economy, has officially entered a recession. It is taking a hiatus due to the Chinese slowdown, as they happen to be their most important trading part-

#### Production turnaround

The weekend meeting took some significant steps regarding the adjustments of production quotas. It was important to take care of the imbalance that affected the group's production.

Countries like Nigeria and Angola lack infrastructural investment and have been missing their targets for years. It was a sound decision to raise the limit for a nation pouring billions into developing its capacity to produce oil.

The United Arab Emirates gained room to pump an extra



### Unhappy White House

comments from US officials, ilarly, like waves, it went up and which was well expected. The came down the following weeks. cut in October of 2 million barrels per day received a tag of a "shortsighted" decision from the White House. This time they went on a neutral stance, saying they are focused on prices for American consumers.

A White House official said they aren't a part of OPEC Plus, which takes independent decisions. They were only focused doesn't like showing his cards on prices for Americans, not the to anyone, but would send a signumber of barrels. The falling oil prices have been of some relief.

After breaching the \$130 per barrel mark in March 2022, oil has been travelling south, with Brent crude prices almost halved since then. This has led United States.

some sea waves, which are beyond the predictability of the traders. Earlier in April, OPEC+ announced all of a sudden that the cartel would decrease its rel for Brent crude, as that price production by 1.66 million would maintain a healthy balmillion barrels per day reduction to 40% of global oil production, from October.

In April, after the surprise cut, oil prices rocketed, register-The output cut received ing a new monthly high. But sim-

> Prince Abdulaziz, bin Salman, has left a card for speculation of an additional output cut. He said that he wants the short sellers or bears to continue building bearish positions in anticipation of a price fall.

He told in a conference that he isn't a poker player and nal to be careful with eyes wide

Saudi Arabia's Crown Prince Mohammed bin Salman, the kingdom's de facto ruler, wants higher oil revenues to fuel his diversification plans. He has to a decrease in gas prices in the become very aggressive in decisions related to oil cuts and wants to maintain a support Oil prices are surfing on price for the falling prices.

As per analysts' estimates, Riyadh is fine with the prices staying stable above \$80 a barbarrels per day over the already 2 ance sheet. OPEC+ contributes and Saudi, the de facto cartel leader, can implement oil policies in its favour.

### **CONSTRUCTION OF WIND FARMS, TO** POWER CALIFORNIA, BEGINS IN WYOMING

electricity transmission line, TransWest Express. The investment of \$5 billion will establish a 600-turbine Chokecherry and Sierra Madre wind farm in southern California. This can be the world's largest wind farm in the place legally selected for shifting to clean energy.

After long withstanding opposition, the Federal regulators permitted TransWest to proceed with the project in April. According to the dioxide emissions from anywhere between 7 million and 11 million tons every year. They will be able to deliver carbon-neutral electricity at an afholds and businesses in southwestern treeless region. regions of widespread deserts of Arizona, Nevada, and California.

The International Energy Agenwill play an important role in achieving global carbon-neutral goals by

tate and federal officials have 2050. Jennifer Granholm, the Energy announced a 3,000-megawatt Secretary, said that they want people to accept clean energy in the same way they accepted fossil energy. She said this in the presence of the Governor of Wyoming, Mark Gordon, a Republican, and the Interior Secretary, Deb Haaland. Governor Gordon has taken a ledged to make Wyoming a carbon-negative state and is relying on renewable energy technologies like carbon capture to realise his

Gordon said at the event that, developers, they will reduce carbon considering the current climate change rate, there seems to be no time to spare. Under him, Wyoming will witness TransWest Express and also two major PacificCorp transmission fordable price to over a million house lines that will be hung up in the

### **Public Resistance**

Wyoming has raised significant cy (IEA) has said that wind energy resistance to wind farms as it comes in proximity to homes and cabins. Sierra Madre and Chokecherry are

spread widely but secluded, so relatively, this region has created less resistance as compared to other areas. A 500-megawatt, 120-turbine wind farm project which has been planned to be built on the Colorado state border has faced objections from the local property owners. They eventually lost, and the case was sent to the Wyoming Supreme Court.

The opposition party for the county approval was appropriately heard in a closed courtroom in Laramie in 2021. Reasons for opposition mainly consisted of natural reasons like killing birds by the turbine blades and constructing turbines blasting and damaging

On the other hand, the county commission for Carbon County allowed the construction of a 280 - megawatt, 79 - turbine wind farm project on 6 June. This project is named Two Rivers and

the foundation of their homes.

the area with an on-off pilot warning system as per the complaints from the locals.

### Wyoming's Energy-Generating Capacity

According to the US Geological Survey, Wyoming's wind energy generation capacity has doubled in a span of 4 years by adding up to 600 turbines, majorly in the southeast regions. As per a 2022 report from the University of Wyoming, Chokecherry and Sierra Madre will double the figure alone as five more wind farms have been planned to be set up. The US Energy Information Authority stated that almost 60% of the generated electricity from Wyoming is used in other states. Their electricity is transported to meet demands in the Pacific Northwest, California, and Arizona.

TransWest Express has planned to move the gen-

Wind power utilisation is beneficial to the climate in terms of carbon emissions, but the environmentalists' concerns highlight the costs of damage to wildlife. Wind farms in Wyoming pose a threat to golden eagles and sage grouse, a ground-dwelling bird.

erated electricity from Chokecherry and Sierra Madre to 732 miles (1,178 kilometres) away from south-central Wyoming to the outskirts of Las Vegas. It will convert the direct current to alternating current in central Utah as it will be crossing from northwestern Colorado and



was only permitted after listening

to all the concerns and arguments of

both sides. But, Commissioners had

ordered the builders to get federal

approval before beginning the proj-

ect. Sue Jones, Vice Chairman of the

Carbon County Commission, said

that the area had previously agreed

after some questioning and looking

at the economic advantages, but the

domestic opposition to a wind farm

project was an unplanned and sud-

den recent development. Carbon

County accepted an official seal in

2021 for the wind farm, which was

earlier named for its huge coal re-

serves that were used to run steam

county officials was the red light

warnings for air-bound vehicles,

resolved by turning on the lights

only when an aircraft approached

it. PacifiCorp serving customers in

Wyoming, Utah, and the Pacific

NorthWest modified its turbines in

Another objection from the

engines.

### NORTH SEA TO COUNTER RUSSIAN ENERGY **SUPPLIES**

The North Sea is going to wind energy sources for Europe. It currently caters to some of the world's busiest trade routes. It is also an energy production powerhouse with hundreds of oil rigs pumping oil and natural gas and an by the year 2030. Other energy proabundance of infrastructure harnessing wind and wave energy.

The North Sea has provided significant energy security to European nations for the past few decades. This has made it an investment hotspot in mit were French President Emmanurecent times as well due to the energy crisis with Russia.

of dollars in the form of investments for reducing the dependency on Russian energy imports and reducing the carbon footprints from energy production.

In April this year, a summit was become one of the largest held at Ostend, a Belgian port city, where nine European leaders agreed to work collaboratively with the aim to quadruple the current amount of offshore wind generation capacity in the North Sea and adjacent water duction methods discussed were renewable hydrogen for diversity, carbon-neutral and securing different energy generation avenues.

Dignitaries present at the sumel Macron; President of the European Commission Ursula von der Leyen; Prime Minister of Denmark, Mette This region could further wit- Frederiksen; Belgium Prime Minister ness an inflow of hundreds of billions Alexander De Croo and the German Chancellor Olaf Scholz.

> President, included Britain, which was no longer a part of the Europe-

an bloc and Norway, a nation that wasn't a member of the Union. This was because these two nations have ample opportunities to set up offshore wind turbines.

The Belgium President said that Britain, the global leader in offshore wind energy production, might have had a divorce from the bloc, but it isn't geographically moving away, so it became pivotal to include the erstwhile member and an important part-

De Croo coined the title of virtual North Sea coastlines to smaller nations like Luxembourg and Ireland. The meeting was attended by seven EU members, including France, Netherlands, Denmark, and Germany, which have a North Sea coastline; Leyen, the European Union Ireland and Luxembourg were the virtual North Sea countries present at the meeting.

#### A Shift to Offshore Wind

Last year, Russia regulated gas to destabilise Europe amidst the ongoing conflict in Ukraine. Such Kremlin decisions soared the energy prices in Europe to obnoxious levels. This made the European nations realise the dangers of being dependent on the necessary supplies of one entity and pushed for the need to find other relevant energy sources.

The main driver for this shift is both the Russian overdependence on energy supplies and a will to work towards lowering carbon emissions. This has brought together the largest consumers like Germany, France, and other European nations in an urgent need to shift to other energy sources.

The North Sea was selected as an alternative source of energy for inflation-hit Europe. The natural characteristics of the waters make it a suitable avenue for hefty investments. The waters of the northern region are great friends with strong winds

and shallow water hab-

itable for wind turbines.

This wind energy industry originated in northern Europe and caters to energy generation for some countries at a large scale. As per an industry group, WindEurope, wind energy amounts to 25% of energy production in Denmark and 15% in Britain in the year 2022.

The wind energy industry employs more than 300,000 people in Europe; more investments will generate employment. Europe already has a thriving wind industry, with some of the world's largest wind turbines manufacturers like Vestas Wind Systems, based out of Denmark, and Siemens Gamesa Renewable Energy, headquartered in Spain as the leader of turbine machines.

Experts suggest that this sudden shift to wind energy will cripple the existing petroleum industry like Stavanger in Norway and Aberdeen in Scotland. The migration of workers

wind-related industries has

jor research and development hub for energy trading, especially maintaining an equilibrium of wind and solar energy. These two renewable sources have a similar trait of requiring efforts to store power or offload during times of excess power generation and effectively divert it to places facing energy shortages.

#### **Future Innovations**

The work to establish an artificial island in the North Sea, 30 miles away from the shore of Belgium, will begin next year. This sand man-made island will be named Princess Elizabeth Island. It will be built at an estimated cost of \$2 billion and across 60 acres of seabed.

The futuristic infrastructure will be protected from the sea by high walls. This island would prove to be a forerunner for future endeavours in the field of power networks located offshore for the European region. This will be a junction of power cables from petroleum industries to offshore from wind turbines located in far-off



### **UAE'S MASDAR CONSORTIUM SIGNS \$10BN MEGA** WIND PROJECT DEAL WITH EGYPT

asdar, the Abu Dhabi Future En-Company PISC signs deal with Egypt's Hassan Allam Utilities and Infinity Power, signs an agreement with Egypt's New and Renewable Energy Authority to secure land to build a \$10 billion mega wind farm with a 10-gigawatt capacity. This project is set to be the largest onshore wind farm in the world.

The wind project by UAE and Egypt aims to produce 47,790 GW of clean energy annually which will reduce Egypt's yearly carbon emissions by displacing 23.8 million tonnes of carbon dioxide per year.

The signing was witnessed by top officials including Chief Executive Officer of Masdar, Nayer Fouad, Chief Executive Officer of Infinity Power, Hassan and Amr Allam, Chief Executive Officers of Hassan Allam Holding, Egyptian Prime Minister, HE Moustafa Madbouly, HE Dr. Sultan Al Jaber, UAE Minister of Industry and Advanced Technology, HE Dr. Mohamed Shaker El-Markabi, Minister for Electricity and Renewable Energy, Mohamed Jameel Al Ramahi.

### The biggest onshore wind project

This would help in reducing nearly 9 percent of carbon emissions. Egypt will also attain its strategic goal of sourcing 42 percent of its energy from renewables by the year 2030 through the wind farm. The natural gas costs annually could be saved by the North African region by an estimated \$5 billion. The original agreement was signed between Masdar, Infinity Power, and Hassan Allam Utilities in the presence of high



officials. The signing event was done on the sidelines of COP27, the UN climate change conference last year in Egypt.

UAE Minister of Industry and Advanced Technology, Chairman of Masdar, and COP28 President-Designate, Dr. Sultan Al Jaber stated that the wind project is a sign of a strong partnership between both countries, bolstering the potential to create jobs, power homes at competitive economical costs, and reduce the emission to represents the resuming of historical a large extend.

"This 10GW onshore wind project is set to be one of the largest wind farms in the world and the largest on the African continent. Projects like these will support the global efforts to reduce the impact of climate change and help keep the ambition of 1.5 intact while enabling significant socio-economic growth,"

added Dr. Sultan Al Jaber.

The project further demonstrates Masdar's commitment to supporting African nations to meet their renewable energy goals. After its joint venture with Infinity Power, Masdar 2015. became the largest operator of renewable in Africa. Minister of Electricity and Renewable Energy in Egypt, Dr. Mohamed Shaker Al-Markabi stated that the country has an ambitious program to advance in the electricity sector and most of it focuses on optimizing and the use of renewable energy resources and encouraging invest-

ment in this field, which would lead to reducing the dependence on fossil fuels and continue to reduce the carbon emissions "in line with Egypt's energy strategy to have up to 42 percent of our energy mix from renewable energy sources by 2030, while complementing the National Climate Strategy 2050 to face the challenges of climate change and achieve sustainable economic growth."

He also added that the project and brotherly relations between the two countries. Egypt's rich energy resources can attract foreign invest-

The government also has a direct role in creating a supportive environment of investment with low risks and high interaction with development partners and financing institutions. Egypt is MENA's most populous country and has an abundance of rich renewable resources including solar and wind energy. Looking at Masdar's expansion, one could see that the company has a large presence in the country with projects from

Last year, during COP27, Hassan Allam Utilities and Infinity Power signed agreements with the Egyptipan state-backed organisations to produce green hydrogen production

### SAUDI ARABIA FURTHER LIMITS **US OIL EXPORTS**

audi Arabia, when it needs to persuade the world that the oil market supply is hardening by putting pressure on prices, nothing even comes close to the way it reduces the crude oil exports to the United States. Saudi has decided to cut its oil production by 10 percent. This decision would reduce oil production output to just 9 million barrels in a day, which is the lowest level since 2011.

The United States and Europe will be the regions most affected by the unilateral cuts.

According to Bloomberg reports, the reduction would be a clear message to traders especially in the US. The variations in oil stockpiles and American crude imports have had a huge impact as Washington publishes the data weekly.

When we look at other regions, traders get the official data on a monthly basis or maybe not at all as we see in India and China.

#### A Strategic Move

Six years ago, in order to rework the market accounts for American buyers, Saudi Arabia started cutting down the US exports.

Khalid Al-Falih, Saudi Energy Minister in the year 2017 stated that the exports to the US will drop sharply after an OPEC+ meeting, and by July, the exports to America had reduced to a 30-year low.

Till the end of that year after the minister's statements, the price of West Texas Intermediate rose 20%. Since then the US imports of Saudi crude oil had significantly reduced.



seen. And there are many reasons for Europe and US. it. The US is less dependent on Saudi crude compared to earlier. In 2017, the US used bought 1 million barrels is the largest refinery in America and a day regularly of the crude, and now the rate had gone down to less than barrels a day. Among the 45% of the 500,000 barrels a day.

Despite the demand for Saudi Port Arthur, Texas. crude, the oil from Iran, Russia, and Venezuela has immense consumption. And because of this, West Texas nearly 182,000 barrels a day were ac-Intermediate had struggled to keep the \$70-a-barrel level.

All in all, this could be the best time for Riyadh to jump-start the prices. The US and European markets could reach near zero in some weeks have a disadvantage over the Asian markets as they cant switch to Russia or Iran for supplies.

tage to Riyadh. KSA would have less than 6 million barrels for export after production cuts would be affected. the production cut.

Suez and Aramco had also promised the rest of the story. the Asian markets that it would re-

If this tactic will have its effect ceive as much crude as they requested again or not is something yet to be which implies the cut will be felt for

> Aramco controls Motiva, which has the capacity to process 630,000 Saudi crude the US imported in the first quarter accounted for Motvia's

> According to government data, counted for Motvia's Port Arthur. If this continues. Saudi crude oil flows into the United States of America will slip during the months of August and September. The number of shipments during the period.

Prince Abdulaziz bin Salman, who replaced Al-Falih as Saudi en-This could be an added advan- ergy minister has kept the market in the dark so far regarding where the oil

Oil traders would have to wait The majority of that would go to and see the unraveling events to know



### SAUDI PIF LAUNCHES LIFERA, A HIGH-TECH BIOPHARMA COMPANY

audi Arabia's Public Investment Fund (PIF) has announced the launch of Lifera, an investment company within the biopharmaceutical sector. Lifera aims to produce life-saving drugs and forge partnerships with local and international companies to establish manufacturing facilities within the kingdom, thereby bolstering Saudi Arabia's pharmaceutical industry.

PIF stated that Lifera, a specialised commercial contract development, and manufacturing enterprise, would play a crucial role in enhancing the nation's resilience and facilitating its ambition to become a global hub for pharmaceutical production. Lifera's primary objective is to manufacture essential pharmaceutical products vital for saving lives. This encompasses insulin, vaccines, plasma therapeutics, monoclonal antibodies, cell and gene therapy, as well as innovative small molecules.

To expand the domestic manufacturing capacity, Lifera intends to collaborate with both local and international enterprises, thus attracting substantial investments into Saudi Arabia's biopharmaceutical sector. PIF plans to make targeted investments that will fortify supply chains, expedite skill development, generate employment opportunities, and facilitate technology transfer from private

audi Arabia's Public Invest- sector partners on an international

### The PIF has been on a global investment spree

In a concerted effort to strengthen the supply chain for pharmaceutical products, the PIF has also made strategic investments in the National Unified Procurement Company. This company is a leading provider of comprehensive medical procurement, storage, and distribution services, catering to the healthcare sector in Saudi Arabia.

By investing in this crucial component of the pharmaceutical ecosystem, the PIF aims to improve the availability and efficient distribution of medicines, devices, and medical supplies across the nation.

Since 2017, the Public Investment Fund (PIF) has been on a trajectory of remarkable expansion, successfully establishing 79 companies across 13 strategic sectors.

This achievement not only demonstrates the fund's robust investment approach but also underscores its commitment to fostering economic growth and diversification in Saudi Arabia. In line with its vision to empower the private sector and nurture national champions, PIF re-

cently announced plans to acquire a 30% stake in Tamimi Markets Company, a prominent grocery chain with over 100 stores and five distribution centres. This strategic investment aligns with PIF's overarching strategy, which seeks to enable private enterprises to thrive while simultaneously creating strong Saudi companies that can compete on a global scale.

In addition to these endeavours, PIF has made large investments in various other sectors, including technology companies like Uber Technologies, prominent soccer teams such as Newcastle United in the English Premier League, and electric car manufacturers like Lucid and Ceer. Furthermore, the fund is financing ambitious projects like the futuristic NEOM City and the Red Sea Development Company's mega tourism project, both of which are set to transform the Saudi Red Sea coast and create new opportunities for economic growth and diversification.

### PIF serves as the main engine for the Saudi Vision 2030

As among the world's largest sovereign wealth funds, the PIF plays a pivotal role in Saudi Arabia's Vision 2030 initiative. Vision 2030 is an ambitious economic reform agenda designed to reduce the country's dependence on oil revenues and diversify its economy.

With more than 2 trillion riyals in assets under management, the PIF has set a target to double its assets by 2025, as stated by the fund's governor last month. The fund has already played a substantial role in generating more than 500,000 direct and indirect job opportunities and aims to create an additional 1.8 million jobs by 2025.

Through its far-flung investments and initiatives, PIF has served as a dynamo driving Saudi Arabia's economic transformation, fostering innovation, creating jobs, and positioning the kingdom as a global hub for investment and development.

# iQ Group's Silk Route Transit Initiative: Elevating Iraq into a Thriving Internet Hub



### TRANSFORMING IRAQ'S TECH LANDSCAPE: IN CONVERSATION WITH ASOZ RASHID, THE VISIONARY CEO OF iQ GROUP



diversification in Iraq, he believes that many of Iraq's problems can the country must be weaned off be solved through technology. its dependency on fossil fuels and That's a bold statement. Tell us that the tech sector can offer well. more. new solutions.

Rashid in his uber modern office in the northern Iraqi city of Sulaimania for a Q&A session.

### on being named Best Emerging ISP CEO. How do you feel?

although I believe my team deserves the real accolade for all our trailblazing work at iQ Group. We truly have some of the best talent in Iraq. Also, I don't believe in resting on one's laurels. There is still much work to be done.

The tech industry moves fast, you must have a mindset of 'your today is already in our past'.

#### So, let's go back to the beginning. How did it all start?

It all started in 2005 when pioneers like Martin Frank partnered up with local visionaries with the aim of bringing internet access to Iraq so that it acts as a gateway to the rest of the world. Despite enormous challenges, we have managed to overcome every obstacle to reach our objectives.

Millions have benefitted from our services, whether it's the average citizen, the government, or businesses.

We are proud to have enabled Iraqis to access the best possible broadband there is. This success motivates us to step outside of our comfort zone and show the country the holistic benefit that technology can provide.

A proponent of economic On the benefits, you have said

Technology can address We sat down with Asoz management, financial, cultural and even social discord in Iraq. Simple things such as different languages have caused a divide between Kurds and Arabs which First things first, congratulations could be solved with technology and iQ has worked on that.

We have a product "BLA" It is an honor and a privilege, that does a live translation of any language spoken in Iraq, whether Arabic, Kurdish, Aramaic, or even Armenian.

> Iraq has missed out on decades of genuine technological systems and implementation in all fields of society, so it's now time to catch up.

### Tell us about the Silk Route Transit project. What is it exactly?

As technology continues to move at an unprecedented rate with valuable advancements occurring daily, the need for connectivity is outweighing the supply, and businesses must do their best to provide the solutions. Transit networks have become our new trade route and serve the same purpose as they did in the past.

In its physical form, iQ's Silk Route Transit is a multilayer fiber optic network that directly links the Middle East to Europe and Asia. It bypasses the current undersea cable system which snakes its way from the Mediterranean through the Red Sea, the Arabian Sea, and the Persian Gulf. It is a 21st century version of the Suez and Panama canals, and not only reduces the distance for cable traffic by thousands of miles, but it also disrupts the vulnerable checkpoint at the intersection of the Mediterranean Sea and the Suez Canal, or what we call "The Red Sea Bottleneck".

The lack of transit options meant that many operators have been forced to solely rely on Egypt's cables, with a large portion of the world's connectivity dependent on them. This is how the area has become a bottleneck, causing a colossal choke point for data transfer in the region, thereby diminishing the utility of the network.

While there is no telling what the future may hold, we are confident that iQ's reincarnation of the Silk Route will pave the path for a more connected and collaborative world.

### How is this a game changer for Iraq and the wider region?

With the launch of the Silk Route Transit project, Iraq stands to become a major network hub in the region. It will also help meet the increasing demand for data transfer and internet connectivity, promising a highly reliable, low latency, and high capacity fiber for the Middle East, Gulf, and Asia.

It will extend Europe to the Middle East, and let Asian and East African operators with sea cable infrastructure connect to the Middle East landing stations like their European counterparts.

In effect, it will enable the ITC companies to compete with Europe and the US on quality and price. The Silk Route Transit is one of the biggest infrastructure projects in the region and aims to future-proof the Iraqi economy and its dependence on fossil fuels.

You mentioned obstacles. also have a genuine impact and key area we're leveraging These are challenging times for many industries, and tech is no exception. How has this affected iQ and your own strategic plans going forward?

are obvious challenges in today's climate, but we must also overcome challenges placed in Iraq by historical circumstances too. 20 years ago, there was no digital landscape in Iraq. The country had suffered over many decades and it's very easy to forget just how dire the situation was under Saddam Hussein.

forward, the challenges have AI will disrupt the Internet been many along the way. When iQ first set about laying the preparing itself to leverage AI groundwork for its projects back in 2005, nobody in Iraq really understood the concept, let alone the need for relevant regulatory frameworks and some still don't. this become even more relevant which is a constant problem for with the rise of ChatGPT and all forward thinking companies in similar AI tools and platforms the world.

Iraq is going through a transition in all its major sectors, so changes to laws and regulations as well as the mindset of some may be taking longer than already seeing the rise in chatbots I would like, although things do seem to be heading in the right direction.

### How did the partnership with Tencent come about, and what impact do you expect it will have?

iQ's trajectory over the last few years has drawn interest not just from China's Tencent but from a host of major international

between iQ and Tencent, not only do I think we showcased our technical ability to major institutions in the field but will

improve gaming latency in the AI technologies is with our region. The partnership will cybersecurity. AI has enormous allow us to provide powerful capabilities to prevent attacks servers and connectivity to host Tencent services in our data centers. It is a game changer for As you mentioned, there the gaming community of Iraq as it will decrease latency to as low 
Any thoughts or visions about as 20ms, further entrenching our position as a leader in resolving IP Transit issues. Ideally, I want to make Iraq the envy of the Middle Eastern gaming community.

We have already entered the industry 4.0 era. Undoubtedly, AI is the talk of the town right now. As a tech-focused Now, as we're moving company, how do you think service industry? How is iQ technologies?

game-changer, and we've seen

For the Internet industry specifically, it's not so much that AI will change the industry per se, but more so how the Internet will be used. For example, we're behind the rest of the world. Our and content writing.

However, we're also seeing major changes with the use of predictive analytic tools and machine learning algorithms that are personalizing the consumer's web experience and changing the way people connect. But leaders of a modern, progressive perhaps of specific mention for nation. Our mission is to provide the industry will be the impact it will have on cybersecurity and our search engine functions.

For iQ especially, we're large. I'm proud of the partnership looking at new ways to integrate AI into our datasets to create meaningful data that we can to our brand objective. We want use effectively in our business

and uncover vulnerabilities even quicker than humans and at a fraction of the cost.

### the future of iQ and your tenure

My team and I are already thinking about projects that are years away from release. We have a lot of projects, innovative solutions, and services in the pipeline, and we cannot wait to launch them.

While we are focusing on developing our technological capabilities, our firm foundation will always lie in fiber optic telecommunication, and we all AI has proven itself to be a see this as a wonderful foundation to build upon. The future will also witness expanding our network infrastructure, improving further our internet speed and services.

### Finally, what is the driving force behind iQ's success?

We don't want Iraq to fall aim is aligned to achieve this goal as we strive for more technological advancements.

Giving the best to Iraqis and the country is the core of our existence. We want to usher in a new era of automation and inspire the people to become the the best technology-based tools that will allow Iraqis to utilize their full potential, not only as individuals but also as a society at

All of this is fundamental all Iragis to be the best and most and commercial plans. Another heightened version of themselves.

INTERNAL REVENUE **SERVICE** 

> ax cuts have taken centre stage of conflicts right after six days of the enactment of the debt limit bipartisan deal. The Republicans have proposed a long list of tax cuts. This has raised criticism from the Democrats, who bash them for hypocrisy.

> U.S. President Joe Biden and his fellow Democrats push for more specific tax cuts to achieve the humanitarian goals of eradicating child poverty and transitioning to clean energy for a sustainable economy. At the same time, policymakers are backing significant tax cuts for business corporations to boost the economy.

> The Republicans proposed a set of tax cuts for businesses followed by a substantial reduction for households too. President Biden signed these laws in 2022, which were aimed at aiding the development of renewable energy sources and providing a boost for the manufacturing of electric vehicles. These tax cuts would be funded by depleting \$216 billion in tax breaks over the course of a decade. The majority of the tax reforms passed through recently by the Republicans out of the Ways, and Means Committee are not permanent and may attract further changes or removal. Some White House officials complain that Republicans' shift towards tax cuts depicts their intentions that they were never concerned about the deficits during the debt limit deal negotiations.

> Lael Brainard, the director of the White House National Economic Council, said that such tax reliefs

### TAX RELIEF IDEAS CLASHING BEFORE 2024 U.S. PRESIDENTIAL ELECTION

that as soon as a debt deal was framed to contract deficits, will have to face the brunt of the economic problems and

Finance

recent dispute. Estimates suggest that the tax cuts of the 2017 ruled Donald Trump government will have to be sacked, and the debt limit will have to be increased in the future. This will have a spiral-down effect on households as their taxes will in-

Democrats argue that the latest tax relief proposals of Republicans will benefit the business organisations and households that are financially well off. The White House is skeptical about the range of new employment generation promised by the Republicans as the tax breaks in history were enacted during a better economic situation. The political battle was begun before the 2024 Presidential election, due in November of next year. Every move and statement from either of the parties reflects their political alignment toward the election. Republicans are promising tax reliefs to sustain money in the economy, while the Democrats are fighting to preserve these tax breaks at a smaller scale in 2024 & 2025. for their term.

Republicans believe that employment is a byproduct of lowered rates and liberalised policies. They try to implement policies to smoothen the process for small businesses to completely deduct the cost of new capital expenditure and reform the at the Tax Foundation, said that IRS criteria for companies deploying contractors. On the other hand, Democrats argue that tax breaks to help children and deliver signs for renewable energy have the potential to boost growth in the longer term. The supply of money for socialist reforms

are not sustainable. He said is the main difference between the working of both parties. The GOP bill has provisions to raise deductions by the government came forward \$2000 for single persons and \$4000 with a plan of \$500 billion in for families in 2024 & 2025. This tax cuts for corporations. The amount refers to the total table infuture elected government come and not the savings part.

Representative Suzan DelBene, the catalysts behaviour of the a Democrat from Washington, chairing the Democratic Congressional Campaign Committee, said that the most integral part of framing policies is to make long-term investments for the better of common citizens and provide aid to needy families. But, the Republicans are only concerned with the wealthy class and the powerful ones with a lot of connections and only look at short-term achievements for a better public image.

> Representative Jason Smith, the chairman of the House Ways and Means Committee, defended that his plans were framed according to the requests of voters at the field hearings in West Virginia, Oklahoma, and Georgia. This bill is for the betterment of the working class people as it directly comes from the discussions or ideas officials had with citizens from outside of Washington. A conservatively aligned policy organisation, The Tax Foundation has calculated that the GOP bills might cater to the increment of the U.S. economy The business tax reliefs in these bills are temporary and will not lead to changes in the standard of procedure for investment and hiring processes of businesses, leading to a narrowed down perceived benefit.

> Erica York, a senior economist whenever a tax policy is formulated, policymakers should always think of long-term implications for the improvement of the overall economy. She also said that for the utmost benefits of the policy, it needs to be per-

### WHAT IS UAE'S FIRST-EVER basis, the applicable basis depending on the "Toycolla Paraer". In 114 F. care **CORPORATE TAX?**

land for businesses and corporations, offering amicable January 2022, there was a paradigm exposed the need for transparency in shift in the country's tax landscape the Emirates. when the UAE government concluded the tax-free regime, thereby levying a 9% corporate tax on business decision is essential: profits. The tax rate will be effective from 1st June 2023 or 1st January 1. 2024, depending on the financial year the business follows.

### UAE Corporate Tax: A background check

Corporate tax is a direct tax levied on the final profits earned by corporations and other business entities. Most countries charge corporate taxes to fill up the government's coffers, UAE being the newest member on the list. This canon event stems

he United Arab Emirates from the fact that the UAE is seekhas always been a magic ing to meet international tax transparency standards while protecting small businesses and start-ups. Addevelopment coupled with its ze- ditionally, several money laundering ro-tax environment. However, on 31st and sanction evasion scandals have

The other selling point for this

- To reduce the compliance burden on businesses
- 2. To boost UAE revenue, a key to cementing its competitive status in the global business and investment world
- To boost development and transformation
- To ensure financial discipline in the corporate world through record-keeping and maintenance of books properly
- 5. To reduce their dependence on oil and gas

"Taxable Person" under UAE Corporate Tax

> The taxation structure of most countries includes taxation on both a residence and source

on the "Taxable Person". In UAE corporate tax:

- A taxable person is taxed on a residence basis if they are a Resident Person, i.e. both the income derived from domestic and foreign sources is taxable.
- A taxable person is taxed on a source basis if they are a Non-Resident Person, i.e. only income derived from sources within UAE is taxable.

The Residential Status is determined by specific factors set in the Corporate Tax Law, and if a person does not satisfy the condition for being either of the two, they are not deemed as a taxable person and hence will not be subjected to Corporate

### Will this Corporate Tax apply to every business?

Well, the good news is, No! Not every business has to pay taxes on their profits.

So, if you have a business in the UAE, here is a checklist to see if the corporate tax applies to it.

#### Corporate tax is applicable to:

- 1. All businesses and individuals carrying business holding a commercial license in the UAE.
- Free-zone businesses. However, they will receive corporate tax incentives if
  - they comply with all regulatory requirements and
  - Do not conduct business set up in the UAE mainland.

### **Exemptions from Corporate Tax**

There are certain businesses that are completely exempt from the corporate tax:

Exempted w/o any conditions attached	A. Government entities     B. Government controlled entities (if specified in a cabinet decison)
Exempted if notified to Ministry of Finance and have met certain conditions	A. Persons engaged in Extractive (natural resources) Business     B. Persons engaged in Non-Extractive natural resources business
Exempted if listed in a cabinet decision	A. Qualifying Public Benefit Entities
Exempted if applied to and approved by the Tax Authority (subject to certain conditions)	<ul> <li>A. Public pension funds, Private pension funds and social security funds</li> <li>B. QIFs</li> <li>C. Subsidiaries of businesses mentioned in (a) and (b), provided the subsidiaries are wholly owned by them</li> </ul>

### What is the tax rate under the UAE Corporate Tax?

A headline tax rate of 9% will be applied on Taxable income that exceeds AED 375,000. If the total taxable income falls under this threshold limit, 0% tax will be applicable.

Tax rates for Resident Taxable Persons:		
Taxable income ≤ AED 375,000	0%	
Taxable income > AED 375,000	9%	

Tax rates for Qualifying Free Zone Persons:			
Qualifying Income	0%		
Taxable income not meeting the definition of "Qualifying Income"	9%		

### Exempted Incomes and Expenditures

### Incomes exempt under UAE Corporate Tax law:

- 1. Income earned from dividends by a UAE company from its domestic or foreign shareholdings.
- 2. Income from capital gains by a UAE company from its domestic 2. or foreign shareholdings.
- 3. Profits arising out of group reorganizations.
- 4. Profits arising out of intra-group transactions.

5. No withholding tax will be levpayments.

### Certain expenses that are deductible under Corporate Tax law:

- 1. Client entertainment expenditure: 50% of the entire expenditure is deductible.
- Interest expenditure: If net interest expenditure exceeds a certain amount of EBITDA is deductible.

### Corporate Tax Rollout in the UAE: How are we hanging?

"So income tax is only a few years away!" that's what the word on the street seems to be.

The golden era of no tax is at ied on domestic and cross-border last gone, with the fear of income tax looming amongst the UAE mainland-

> It started with VAT @5% in 2018 and has made its way into 9% corporate tax. Even though there is a lot of debate on whether this corporate tax is good or bad, it essentially can't be that bad.

With a rate as low as 9%, it threshold, then up to 30% of the probably can't be excessively economically distortive. Sure, there might be a few international investors who might bargain to pull out their investments, but it will lead to mindful expenditures on the part of the companies, leaving the moral force on a neutral ground.

### JAPANESE CORPORATIONS PUSH NIKKEI TO DECADAL HEIGHTS, BUFFET JOINS IN



500. Nikkei has been dormant for the third-largest stagnant economy. last three decades.

things started to change in mid-

March. But Warren Buffet surprisingly came as a catalyst for the market. He announced that Berkshire Hathaway had increased its stake in Japanese trading firms to 7.4%. Since then, Nikkei has surged more than 15% to date.

Japan's economy had been clogged since the bubble of the 1980s. The Japa-

nese work environment became pale,

apan's benchmark index Nik- nor raised for workers. A perfect setkei 225, has soared 30% since up for no economic growth. Later in the beginning of this year. 2014, the late Prime Minister Shinzo It has left behind its counter Abe announced a plethora of econompart, the US benchmark index S&P ic reforms to kick-start the world's

Fast forward to this year, Japa-The start of the year was not nese firms seem to change the tradithat great in terms of returns, but tional ways and have written a new growth trajectory for the nation. Can-

Nikkei touching

heights was a perfect

dish made from the

ingredients from

different boxes.

**Robust economic** 

growth, weakened

Yen, and negligible

interest rates were

good enough, but

the wind from Buffet

came as a surprise

ingredient.

on shareholders have appealed for a fresh set of board of directors with diverse experience.

Citizen Watch has announced a buyback of 25% of its shares from the market to saturate value and reduce the stock's liquidity. Uniqlo has announced a raise of 40% for its workers.

Japan's gross domestic product with neither growth for shareholders (GDP) for the month of January to

March was updated to a yearly rate of 2.7% from the first calculation of 1.6%. This increase could not be that accurate as much as corporate spending making its way inwards in the form of staking up inventory.

Consumer spending, an important indicator to consider while calculating GDP, was slightly on the downside. The Japanese government has worked on two pivotal longstanding concerns deflation and lower wages.

data was calculated without including fresh foods.

On the other side of the globe, other developed economies like the United States and Europe are struggling with inflation, while the Japanese are happy with it. Rising inflation has long been waited for by the Bank of Japan. The central bank has also signalled that they will move forward with monetary easing.

Chong Hoon Park, the head of economic research for Japan and South Korea at the Standard Chartered Bank in Seoul, said that this inflation is mostly due to the supply chain crisis after the pandemic and has no relation with the increase in remuneration.

The central bank now has another problem to tackle, to maintain

the increased income rates and further improve them. Larger firms with billions of dollars in their coffers have announced an increase in wages by an average of 3.9% this year.

Prime Minister Fumio Kishida said that the government is focused on increasing salaries and developing a free ground for employees to change jobs in search of higher salaries. He emphasised the point that his economic priorities tend to be the structural wage increase and worker-centric changes in the labour market.

Tokyo Stock Exchange is an other giant opting for a change. The exchange drafted a plan to force listed companies trading below their book value to increase their stock prices. As

per market experts, certain possible ways to increase prices are buyback plans or paying out hefty dividends.

Toyota and Honda have announced their plans for a buyback. This news has increased the prices of Toyota by 27% and Honda by almost 50%. A hedge fund manager, Seth Fischer, has preached to Japanese companies to focus more on increasing profits and stock prices. He has publicly stated his views several times. He had urged Nintendo to enter into mobile phone gaming.

Fischer says about the changes in the camera and optical equipment company Canon that they are making appropriate changes and also pouring money into the economy.

Canon shareholders nearly threw the chief executive from the board for the irregularities of gender diversity roles on the board. Shareholders have also pushed the companies to open their exchequer and go on an investing spree.

This has led the Japanese firms to announce plans for a buyback of \$70 billion last year. As per estimates, this year's dividends might make another record of \$100 billion.

Warren Buffet recently increased his stakes in Japanese companies similar to Berkshire. Itochu Corp., Marubeni Corp., Mitsubishi Corp., Mitsui Corp, and Sumitomo Corp. are the ones witnessing fresh investments from Omaha.

This Japanese shift can also be credited to increased tensions between the United States and China, which is shifting investors from China to Japan.

These problems saw a bit of improvement in the past few months. Consumer prices rose to their highest levels in decades, 3.4% in April; this

### BANK OF ENGLAND GOVERNOR ADMITS RATE HIKE AS PAINFUL FOR CITIZENS

bigger rate hike in order to calm the financial markets, but the effectiveness still remains a question.

to control inflation, has once again raised the interest rates. The central bank exceeded the expectations of analysts and delivered a rate hike of 50 basis points, taking the total to

Andrew Bailey, the governor of the Bank of England, said that this rise would inflict a lot of pain and damage on the commoners after raising rates to the highest level in the last 15 years. He added that the situation could worsen if hard steps are not taken now. The most affected people will be the borrowers who have monthly loan repayment to make as their mortgage will go higher, but it is good news for the saving fraternity. Even Bailey stated that they acknowledge that borrowers will be the most, but the skyrocketed inflation is out of control, and they will have to deal with it.

### Mortgages Rates

Mortgage rates have been going higher for the past one and a half years. The average two-year fixed household mortgage is at 6.19%, with the five-year rate being around 5.82%.

same time last year. As per a typical mortgage tracker, borrowers will have to deal with an additional £47 monthly. Whereas borrowers whose loans are based on standard variable rate (SVR) mortgages will face some choked money flow in the economy less with an increase of £30 monthly. As per records, since December nesses and not preventing the econo-

he Bank of England chose a repayments of a tracer has gone up by £465, and those on an SVR have soared by £297. Borrowing costs are also going through the roof. The average annual interest rate on bank overdrafts and credit cards is 21.86% The Bank of England, in its fight and 20.13%, respectively.

> Prime Minister Rishi Sunak is also under constant pressure to curb inflation. He has said that tackling inflation is a tough task and would require stringent measures, inflation has gotten a bit out of hand, and he is constantly working on it. He added that the weekly shop run of citizens has become super expensive, and he will keep a check that such stores operate appropriately and responsi-

> Inflation profiteering is another major mayhem the government is struggling with. Chancellor Jeremy Hunt wrote a letter to Bailey that he would be meeting with regulators in the upcoming week and would discuss how the wholesale discounts could be delivered to the end consumers. The British Retail Consortium denies profiteering through such measures and conveys that the stores are managing lower prices as much as possible.

#### Effect on Economy

Rising interest rates make borrowing expensive, leaving a smaller amount in the hands of the consum-These were nearly 3% at the er to spend on necessities. This, in turn, puts businesses in a dilemma of whether to raise prices or not. Amidst all of these crises, the economy of the United Kingdom is the one that takes the most hit from every angle. The is suffocating the operability of busilast year, the monthly increase in the <a href="mailto:my from growing">my from growing</a>. A mortgage expert

from the property portal Rightmove, Matt Smith, has said that the latest rate hike would not be a surprise for the lenders, i.e., banks majorly.

The central bank chose a bigger rate hike in order to calm the financial markets, but the effectiveness still remains a question. He added that it is assumed that this recent larger rate hike could provide some stability to

provide a roadmap for the current mortgage payers and also for people who are looking forward to buying houses later this year.

### **Government Objection**

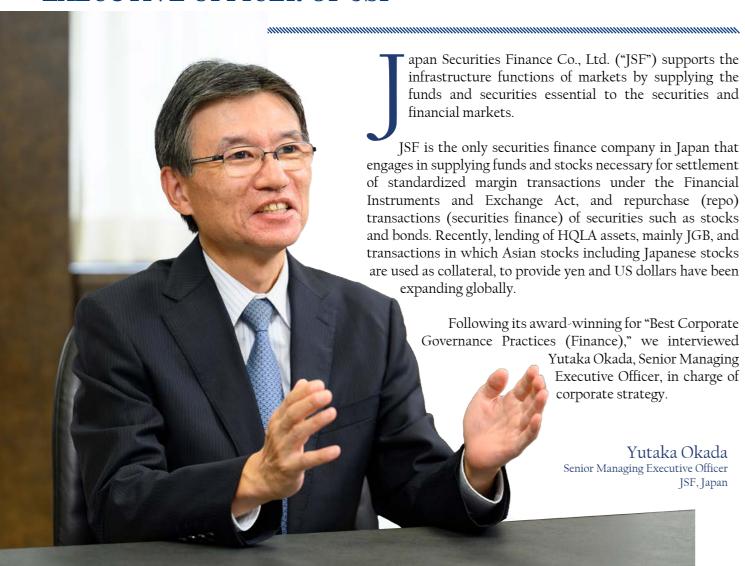
Labour has said that the government should intervene and order banks or lending institutions to aid

ly payments. They gave a suggestion that there should be an alternate option of just paying interest for a short period. The demands of a government intervention to help mortgage holders have proved to be futile as the Prime Minister and Hunt both have cancelled suggestions of any kind of intervention by the ministers.

Policy Committee (MPC) had voted 7-2 in favour of a 50 basis point rate hike. MPC is the body responsible for setting the UK interest rates. Bailey has said that inflation might cool down substantially after a decrease in energy prices. But still, then the central bank would keenly observe inflation and further raise rates if required.



### DRIVING INNOVATION IN JAPAN'S FINANCIAL MARKETS: INSIGHTS FROM YUTAKA OKADA, SENIOR MANAGING **EXECUTIVE OFFICER OF JSF**



Congratulations on winning the Best Corporate Governance Practices (Finance) in Japan Award. Can you please tell our readers some best practices that took you to this victory?

In recent years, we have been striving for sustainable growth and improved capital efficiency. In terms of business growth, securities finance has grown significantly, and we have received awards related to this field. On the other hand, we are also focusing on corporate governance that supports the enhancement of corporate value over the medium to long term. For this

ceive this award. In 2019, we tranto a Company with a Nominating Committee, by thoroughly separating supervision and execution functions.

by outside directors, concentrates on formulating corporate of Directors based on the skills strategy and supervising their execution, while the executive side makes prompt decisions on business development and allocation of management resources under the corporate strategy.

In Japan, only about 2% of all companies listed on the Tokyo (5) sustainability initiatives.

reason, we are very pleased to re- Stock Exchange (as of 2022) have chosen this governance strucsitioned our governance structure ture as their institutional design, making it a rather progressive ap-

We have been taking various actions to enhance the effec-The Board of Directors, led tiveness of this structure. Specifically, (1) composing the Board matrix, (2) appointing outside directors with the multi-layering of skills, (3) making efforts to increase the transparency of the nomination process for our management team, (4) formulating and announcing our basic approach to business portfolio, and

### First, can you share your approach to board composition with our readers?

Our Board of Directors is composed of professionals with different knowledge and experience. The specific skills matrix consists of various skills in corporate management, finance, securities and economics, international experience, legal and compliance, financial accounting, internal control, risk management, and ESG in light of our corporate characteris-

In addition, there are a total of 7 directors, including five outside directors and two internal directors, which means that independent outside directors account for 70% of the total.

This ensures that deliberations can be multifaceted based on the diverse backgrounds of these directors with the multi-layering of skills. This is the result of taking into account factors such as agile response to changes in the financial markets environment, the balance between supervision and execution sides in terms of personnel numbers, and the diversity of age structure and gender.

In addition, since the transition to a company with a nomination committee, the chairperson of the Board of Directors and the chairpersons of the three statutory committees have all been outside directors.

What is your approach to the nomination process for our management team and what actions are you taking to increase the transparency of this process?

In line with our business portfolio, we have prepared the aforementioned skill matrix of directors and established the qualities required of executive officers, and these are the basis for appointing our management team. In the operation of loans for margin transactions, which is one of our core businesses, recognition of impartiality, neutrality, and public role is required.

In the securities finance and trust business, it is necessary to have a deep and broad insight into securities and financial markets internationally, and the ability to flexibly utilize technological innovations and digital transformation (DX).

The appointment process is finalized after the nominating committee first discusses the long list, narrows it down to the shortlist, and then interviews the final candidates.

From the viewpoint of improving the transparency of the appointment process, we have published on our website the specific status of operations, especially our What is your action policy for approach to internal human resource development with a view to the active involvement of outside directors and the appointment of our management team.

Concerning the remuneration of our management team, we have introduced performance-linked remuneration which is determined by the remuneration committee to ensure that incentives consistent with management policies are pro-

Thank you. I have a better understanding of your governance initiatives. Can you share any unique initiatives in report. terms of sustainability?

We recognize sustainability as an important management issue and thus, we are promoting various initiatives based on its expected role. In terms of society, the "de-

velopment of infrastructure that serves as the foundation of social and economic activities" is one of the aims of the UN's Sustainable Development Goals (SDGs), and we believe that this is an area where we can particularly contribute as we support the infrastructure functions of securities and financial markets.

As one example, we invested in an Indonesian securities finance company owned by the Indonesia Stock Exchange Group, contributing to the development of the country's capital market.

Furthermore, we conducted empirical research jointly with The University of Tokyo on the applicability of distributed ledger technology in securities finance transactions, publishing a final report in May 2023 (URL: https://www.jsf. co.jp/english/). We hope to continue with further research while paying close attention to global trends in technological innovation.

### corporate governance going forward?

We will continue to strengthen corporate governance recognizing it as an ongoing way to enhance corporate value.

Our current initiatives include strengthening human resource development and improving engagement, which is necessary to ensure the effectiveness of the succession plan for our management team. In addition, we will work to enhance various information provision tools for investors in general, such as our website and integrated

Going forward, we will continue to develop a corporate governance system that is in line with changes in the financial and economic environment and our business portfolio.



his recent deal with Germany marks Intel's third major investment in just four days. Intel, the U.S. chipmaker is set to invest over 30 billion euros (\$33 billion) in developing two chip-making plants in Magdeburg, Germany. The deal, considered Germany's largest-ever foreign investment, was hailed by Chancellor Olaf Scholz as a significant milestone in the country's high-tech production landscape.

The German government has agreed to provide subsidies worth nearly 10 billion euros to Intel, surpassing the initial offer of 6.8 billion euros, to facilitate the construction of two cutting-edge facilities in Magdeburg. Intel CEO Pat Gelsinger expressed gratitude to the government and the state of Saxony-Anhalt for realizing the vision of a thriving and sustainable semiconductor industry in the European Union and Germany.

Under Gelsinger's leadership, Intel has been making substantial investments in building factories across three continents to regain its prominence in chipmaking and enhance its competitiveness against rivals such as AMD, Nvidia, and Samsung.

Chancellor Scholz emphasized the importance of the agreement, stating that it represents a crucial step for Germany as a high-tech production hub and contributes to the nation's resilience.

He highlighted that the investment would propel Germany's technological advancement and bolster its capacity for ecosystem development and microchip production.

This recent deal with Germany marks Intel's third major investment in just four days. The company unveiled plans for a \$4.6 billion chip plant in Poland on Friday and announced a \$25 billion factory in Israel on Sunday. Globally, the semiconductor manufacturing industry is predicted to reach a value of one trillion dollars by 2030, expanding from \$600 billion in the year 2021, according to

Both Europe and the United States are actively seeking to attract is expected to commence operations major industrial players through a combination of favorable legislation and state subsidies. Germany, in particular, aims to address concerns about supply chain fragility and reduce dependence on South Korea and Taiwan for chip supplies. The German government is investing billions of euros in subsidies to incentivize tech companies, recognizing the strategic importance of fostering a robust and diverse semiconductor industry.

"The size of Intel's reaffirmed and increased commitment to its expansion in Magdeburg speaks louder than words about Germany's appeal as a high-tech business location," stated Robert Hermann, CEO of government agency Germany Trade &

In addition to the investment from Intel, Berlin is engaging in discussions with Taiwan's TSMC and Sweden's Northvolt, a leading electric vehicle battery maker, to establish production facilities in Germany. The country has already secured Tes-

la's agreement to build its first European gigafactory in Berlin.

The agreement between Intel and the German government includes enhanced support and incentives, reflecting the expanded scope of the project since its initial announcement in March 2022. The investment in the Magdeburg plant has increased from 17 billion euros to over 30 billion eu-

The first facility in Magdeburg in 4 to 5 years after receiving approval from the European Commission for the subsidy package.

Intel estimates that around 7,000 construction jobs will be created during the initial expansion phase, along with approximately 3,000 high-tech jobs within Intel and tens of thousands of jobs across various industries.

Intel's decision to build a significant chip complex in Germany, along with facilities in Ireland and France, is driven by its aim to benefit from the European Commission's funding rules and subsidies, as the EU seeks to reduce its reliance on the U.S. and Asian chip supplies.

Gelsinger expressed optimism in reaching an agreement, noting that although there was initially a significant gap between the subsidies offered by Germany and Intel's requirements, being cost-competitive was crucial in reclaiming the industry and making it thrive again in the region.

### TECH TITANS' RIVALRY HEATS UP AS APPLE **CHALLENGES META**

tual reality market in full swing and has thrown the gauntlet to Meta in the process. With the launch of Apple's new Vision Pro mixed-reality headset on June 5, the world's most valuable consumer tech company has openly challenged the world's largest social networking company. While the two corporations have been feuding for a while, this is the first time they are directly competing in a market sector.

During Apple's annual developer conference, CEO Tim Cook introduced the Vision Pro, the company's ambitious mixed-reality headset. Priced at \$3,499, the Vision Pro combines virtual reality and augmented reality, and Cook described it as a 'revolutionary product that could transform how users interact with technology'. Apple's Vision Pro headset is a big step into virtual reality and could change the way we experience digital content. It looks sleek, has special features, and Apple is working with content providers to make it a success in the VR market. The only speedbump is that with this launch, Apple is now directly competing with Meta, a company that has been developing mixed-reality headsets for several years. Meta has been investing billions of dollars in creating virtual worlds in the metaverse and has just announced its new Quest 3 virtual reality headset. Mark Zuckerberg was the first large player to invest in mixed reality and augmented reality, and so confident was he in dominating this space that he even changed

pple has entered the vir- the name of his company from Facebook to Meta.

### One of the Biggest Corporate Rivalries in the World of **Technology**

Apple and Meta have had a strained relationship even prior to Apple's venture into the mixed-reality market. The two companies have been rivals in various areas, such as news and messaging features. Their CEOs have exchanged criticisms concerning data privacy and app store policies. The definitive break came in February 2022, when Meta announced a \$10 billion loss from Apple's decision to restrict data collection for targeted advertising.

This ongoing rivalry has intensified their competition and added to the tension between the two tech giants. Throughout the history of consumer technology, intense corporate rivalries have often played a significant role. In the early days of personal computing, Apple and Microsoft engaged in a notable competition.

Apple's former CEO, Steve Jobs, famously declared a "thermonuclear war" against Google in the realm of smartphones. Now, it appears that the rivalry between Apple and Meta (formerly Facebook) could be the defining clash of the virtual reality and augmented reality era.

### Apple Faces Several Challenges as It Competes With Meta in the Mixed-Reality Market

The first of these is playing catch-up. Apple is entering the market in the shadow of Meta's already established presence, requiring them to differentiate itself to catch up in terms of market share and consumer adoption. Striking a balance between high-quality hardware and affordable pricing will be crucial for broad consumer adoption, as it will demonstrate a strong commitment to privacy and security to help differentiate Apple and address potential data concerns in the mixed-reality space. The second main challenge will be building an ecosystem and enough content. Meta has a strong ecosystem and content platform with the Oculus Store, so Apple needs to attract developers and create a compelling range of mixed-reality experiences. Attracting developers to create appealing mixed-reality applications requires a supportive development environment and monetization options. There is also the challenge of market perception and consumer recognition. Apple needs to overcome the perception that it primarily focuses on consumer hardware and convince consumers and professionals of its expertise in delivering a superior mixed-reality experience. While Apple has several software services, none of these is seen as a core focus, so changing this will require time and money.

Overcoming these challenges will require technological innovation, partnerships, developer engagement, marketing strategies, and user trust.



While Apple has a history of disrupting industries, competing with Meta in the mixed-reality market will be a significant undertaking. Meta has a gargantuan investment and plenty of experience in this sector, so it remains to be seen whether Apple's brand image and massive resources will be enough to counter Meta's first-mover advantage.

### **INDIA-US RELATIONS ENTER** A NEW PHASE WITH A FLURRY OF TECH DEALS

ligerent China, India has been lever-By increasing our cooperation in fields such as artificial intelligence, semiconductors, space, quantum, and telecom, we are creating a strong and futuristic partnership," -PM Narendra Modi

ndian Prime Minister Narendra Modi's recent visit to Washington may go down in history as a landmark moment for Indo-US economic and technological cooperation, with a plethora of high-profile deals being signed on a range of issues, such as defence, logistics, space exploration, computing hardware and software and human capital.

In their joint statement, US President Joe Biden and Mr. Modi announced a new chapter in their partnership as India gears up to become both a geopolitical swing state and an engine for the global economy.

With America intensifying its quest to contain an increasingly bel-

aging its role as the world's most populous country, a vibrant democracy, and an English-speaking tech incubator to draw the two countries closer.

### Deep cooperation in the sectors of the future

Hailing India-US cooperation as ranging from the 'seas to the stars', Mr. Modi's visit to Washington has yielded several agreements for cooperation in technological and strategic A Free Trade Deal is still a while sectors. While the most high-profile away.

> announcements made in the defence sectric's decision to manufacture its flagship F414 engines in India with technology transfer, and several important agreements were made in other non-defense technological fields as well. For example, the two countries have announced plans for Vietnam, and Mexico. deep cooperation in the field of space exploration, temis Accords and a joint mission to the International Space Station on the cards in 2024. Other sweeping deals in the sectors of semiconductors, quantum computing, critical raw materials and minerals, human capital a full FTA yet. development, and AI have also been signed. US chipmaker Micron Technologies is opening a \$2.75 billion semiconductor facility in Gujarat, and Lam Technologies has agreed to train more than 60,000 Indian engineers to accelerate Indian modernisation goals.

"By increasing our cooperation in fields such as artificial intelligence,

quantum, and telecom, we are creating a strong and futuristic partnership," Mr Modi said. There is already a deep intertwining between the two countries' IT sectors, with hundreds

of thousands of Indian ex-pats working in Silicon Valley and even leading corporations. Conversely, American capital has helped India become the third-largest startup incubator glob-

India is expected to be one of tor, such as General Elec- the biggest beneficiaries of the new American friend-shoring strategy, which entails the US moving some of its critical manufacturing supply chains out of China and into friendnaval maintenance, repair, ly countries. Coming at a time when and logistics agreements, boiling Sino-American geopolitical tensions and the COVID-19 pandemic have caused huge supply chain issues, more and more companies are moving their factories out of China and into more reliable countries such as India,

However, a full and comprehenwith India joining the Ar-sive free trade agreement between the two countries is still proving elusive. While some progress on trade issues has been made, such as a decision by both parties to end six outstanding trade disputes at the World Trade Organisation, and a commitment to expand market access and investment protections, the focus is not on

> India has been traditionally protectionist, and America, too, is entering a new phase of interventionism. This is more of a speed bump than a roadblock, however.

While trade between the two countries has already been booming, standing at \$175 billion, it is expected to surge even higher and reach \$500-600 billion by 2030. America is India's largest export destination, and trade has already doubled over the past ten years. As the world economy stumsemiconductors, space, bles and global geopolitical tensions rise, the partnership between India and the United States is expected to grow increasingly important, driving global growth and trade.

### HAUNTING MIDDLE AMERICA



iddle American cities City, Missouri. According to the re-Covid-19 and it has been bothering economists olis, Jacob Frey stated that he expects and politicians alike. The American his downtown workforce will peak at downtowns were sparkling with about 75% of its pre-pandemic numnew constructions and growth in bers. A recent study also indicated 2019. Today, four years later, work- that more than 20 million square feet from-home culture creates a plight of office space in the city is still vacant. for the once-powerful cities. Most The Midwest in general has struggled of the concern has been focused on a lot in order to attract new residents coastal cities like Seattle and San and hold out the existing residents Francisco due to a sharp reduction in in recent years. A net decline of more commuters due to remote work. The than 400,0000 residents is seen bemid-western cities are also in trouble tween a period of April 2020 and July as they struggle to attract residents 2022. And if they fall into the 'Urban and visitors.

#### **Struggling Cities**

urban planners and economists advise that many mid-western cities need to get serious about improving their facilities and enhancing the living standards in their downtowns. The University of Toronto had been analysing the number of people physically present in the central business districts for the past few years through anonymized cell phone data. The individual-level data provides a much clearer picture of the downtown buoyancy before and after the pandemic. The conclusion of the study shows that five of the bottom 10 cities were in the Midwest: Indianapolis, St. Louis, Minneapolis, Cleveland, and Kansas

are in trouble against ports, nine of the thirteen Midwestthe backdrop of the ern cities were in the bottom half of pandemic the rankings. The Mayor of Minneap-Doom Loop' things could get much worse. For a large chunk of many city budgets, commercial property taxes To get out of this disturbance, are the highlight. So when the office vacancies increase, the revenue naturally decreases, and this force the municipal leaders to cut key programs. Reduced services and diminishing quality of life could push the residents to relocate, which leads to a 'self-reinforcing exodus'. If serious changes are not brought in, these cities could ride themselves into oblivion.

### What went wrong?

The reasons behind the current plight of the midwestern cities could be traced back to the choices they made years ago. During the early days of the 20th century, the midwestern cities flourished inviting families and workers from different parts. The Downtowns became a center for shopping and working. But during the 1950s many cities especially in the midwestern region relied mostly on a single industry for the growth of their economy. Akron had the tire industry, Cleveland was home to the steel manufacturing industry, and Detriot had autos. To keep these businesses thriving, authorities focused solely on attracting businesses without considering the hardships of families. This mindset transformed the areas into metropolitan cities. All this while the working-class community was being ignored so they began to leave for better places. They went in search of places that provided them with a better quality of life. Many began to leave cities and settled in the suburbs.

### The Doom Loop

From all this, we can see that the pandemic did not create the origins of downtown's problems even if it contributed to it. The continuing and possible structural weakening of the productivity of the downtowns could become a recurring cycle: the doom loop. The increasing suburbanization and increasing remote work opportunities reduce the power of downtowns that they once used to enjoy. Downtowns are very important to the regional economies as they contain the most intense cluster of jobs which comprises both higher-wage jobs and lower-wage jobs. Downtown activity centers concentrate more activity than regional activity centers by a factor ranging from a low of 1.4 in Birmingham, Ala. to a high of 27.5 in Chicago. Downtowns will remain the densest job centers in the relative regions and their sustenance matters to the whole economy. However, it is not all bad news. Even if downtowns have suffered, the suburbs have seen to be prosperous. The suburbs were always focused on livability. In order for the downtown to survive, it needs to be more like the suburbs creating more livable conditions like affordable housing, a strong education system, and more investments in public transit.



### THE **'ZOMBIE MORTGAGE DEBT'** SPOOKING HOMEOWNERS

joke and can make housing affordability a dream to many. The debts may have been written off by the creditor and sold for pennies on the dollars to debt collectors. Sometimes the mortgage companies simply don't reach out anymore and stop sending statements or communicating all at once. Years later these creditors reach out and try to collect the debt. The fact that these debts were considered 'dead' or long gone and reappear after some time unexpectedly, they are called 'zombie second mortgages'. Zombie Mortgages are those mortgage debts that people thought were satisfied or forgiven long ago but that still exist. Mortgage lenders sometimes sold borrowers two mortgages for the same property instead of one before the Great Recession in 2008. As the Great Recession happened and the economy struggled, the ability of people to pay mortgages back shrank.

Many borrowers were declared bankrupt or their loans were written off. Many financiers ceased to exist while some wrote off their second mortgages, and some sold off their loans. Some of them no longer received any mortgage statements on their second mortgages. Many haven't even heard of anything about their second mortgages in about 10 years. Now debt collectors are after the borrowers on these smaller sec-

ortgage debts are no ond mortgages. The debt collectors who bought the second mortgages are threatening the collection actions including foreclosure as the property value rises. The debt collectors are now planning to collect years worth of interest and late fees.

### The struggling Big Four

Let us take a look at Australia now. Nearly \$270 billion of Australian home loans are under the pressure of being classified as severely stressed in the next year as borrowers behind the zombie mortgages struggle to keep up with the repayments. The pandemic mortgage boom might pressurize the major banks, warns analysts. The loans written when the interest rates were low becomes expensive to service as the cost-of-living increases and the employment outlook dimin-

This also happens after 12 cash rate increases from the Reserve Bank over the past 13 months and it added about \$20,0000 to annual payments on a loan amount of \$750,000. RBA deputy governor Michele Bullock warned that the unemployment rate is expected to reach 4.5 percent in the next 18 months to bring the inflation under control. Barrenjoey banking analyst Jon Mott stated that Australia had a chance of hitting a technical recession, which is two straight quarters of economic contraction. The unemployment rate could reach as high as 5 percent creating an increase in zombie mortgages. New Zealand's economy also plunged into recession this month.

An analysis by Barrenjoy

wrote \$267 billion in home loans over a period of 2020 to 2022 to borrowers who took a loan more than six times their income. A debt-to-income ratio of more than six times is considered risky by the regulators. Experts say that lenders may be able to adjust the fallout since many borrowers may

have to cut their spending in restau-

rants and travel in order to repay the

mortgage debt amount.

Surveys released by UBS also find that mortgage borrowers were only more focused on interest-only payments so that they could reduce their repayments. It was found that very less borrowers were still ahead of their payments as the pandemic ate up their savings. Bank heads are concerned about the more recurrent rate hikes warding off new customers, especially the ones who borrowed to the very limit in order to get into the housing market.

#### **Inflation Pressures**

RBA might increase the rates even further in a desperate attempt to control inflation. The rate hikes could increase household indebtedness in Australia by international standards. Shayne Elliot, ANZ chief mentioned that the challenges in the housing market are aggravated by the higher interest rate, especially with higher levels of debt. During the first half of 2022, nearly 28 percent of all mortgages were written at a level above six times debt-to-income. This was before APRA forced the banks to reduce this last year. The economy could have a hard fall with the unemployment rate increasing to 6 percent and if the rates continue to stay like that for longer, the credit impairments could increase to \$12.8 billion.

### EXPLORING THE RESILIENCE OF AUSTRALIA'S HOME LOAN MARKETS DESPITE RBA RATE HIKES

ustralia's home loan markets can cope effortlessly with another 50 basis points of interest rate hikes without affecting the mortgage arrears to go overboard with sharp increases, according to the S&P Global Ratings. The director of structured finance ratings at S&P, Eric Kitson scenario indicates that most of the ratings should be able to resist a moderate level of economic stress.

The RBA had increased up to 4 percentage points of rate hikes in a year and the economy was pretty much resilient to those moves. While this was happening the loan arrears were still contained and the unemployment holding was at a very low level of 3.6%. According to experts, the RBA lifted rates two more times vear reaching 4.6%.

that Australia's top **Residential Mort**gage-backed Securities will only come under pressure if the Reserve **Bank lifts rates above 5% from the current** 4.1%. Residential Mortgage-backed Securities are basically debt-based assets that are backed by the interest paid on home loans.

The stress test indicated

Experts also estimate the debt serve Bank of Australia has hiked the serviceability pressures to increase rate by 4 percentage points since May in the coming days as a raft of home 2022, which is one percentage point loans that were fixed were at an alltime low borrowing costs come up for renewal in the upcoming months.

Kitson stated that a slowdown in the refinancing activity in the mortgage market especially when the fixed-rate loans are rolling on to higher variable rates could also lead to large increases in arrears. "So far this transition has been well managed," stated Kitson.

The Central Bank of Austrastated that the hypothetical stress lia plans on raising the interest rates two more times this year to control inflation and overcome the situation which would result in an economic

> slowdown, especially in terms of growth, reports Bloomberg.

> Many expect that the Reserve Bank will lift its cash rate to 4.6% by September while Capital Economics and Goldman Sachs Group Inc plan to have three more hikes for a peak of 4.85%.

The Reless than Federal Reserve's collective

Experts state that a 25-basis-point increase in July looks like a 50-50 proposition. RBA at the beginning of June conducted a meeting and surveys concluded the arguments were stronger for raising rates to 4.1%. "There is also a risk of a hike at both meetings," stated Belinda Allen, a senior economist at CBA. The policy decision of the central bank will depend upon the monthly retail sales report and CPI sales indicator figures for May. The full-price setup will only emerge when the quarterly report is published at the end of July as the monthly inflation series fail to capture all goods and market services in the economy.

Experts have also trimmed their estimates for the growth of the Australian economy to 1.6% for a period of three months through June and down to 0.7% in the fourth quarter. Recession, however, is also looming, and the probability of having one stands at 50% which is also the highest level since the pandemic. Australia has avoided a recession but the economy was driven into reverse by the Covid lockdown during the first half of 2020. Benjamin Picton, a senior strategist at Rabobank stated that they expect to have a slowing down in GDP growth during the second and third quarters this year and estimates to avoid a technical recession.

### HAVOC IN THE US HOUSING MARKET: WHAT'S HAPPENING

ortgage rates have been facing the heat of soaring interest rates. The Federal Reserve, the central bank of the nation that has a de facto rule over the financial realm of the world, has raised rates to 5.6%, their highest in the past few decades. It is astonishing to witness a collective rate hike of 5% over the past one and a half years. This has increased the mortgage rates to nearly 7%, the highest in the past two decades. Jerome H. Powell, chairman of the Federal Reserve, aims to bring inflation under the control of the government and slow down the American economy. These steps for inflation control, in turn, have brought a tough time for the housing market. Earlier, the sections of the economy linked with interest rates cooled down due to the sudden rate hikes. But, the housing market crisis started to take place, particularly last year, with mortgage rates skyrocketing.

### **Housing Rebounds**

The housing market has once again started to rally after being down south in the winters of last year. Southern cities like Miami, Tampa, and Charlotte have seen a strong surge in housing prices. Some numbers released last week depicted that prices surprisingly started to surge in May nationwide, rallying the most

since 2016. Some experts commented that this could be due to an increased number of applications to construct homes. According to the Fed, the economy needs to move at a slower pace for inflation to come under a reasonable limit. Because a weaker economy will lead to a reduced flow of money or lesser purchasing power, so ultimately, if people purchase less and companies will be left with no option other than lowering their rates. But, the fresh rebound in the housing market is telling a different

Though the increasing housing prices are not included in the official data of the inflation figures as these are based on rental rates rather than the costs of buying a home. This rebound also shows that the Fed's decisions have proved to be inefficient in curbing the growth of the economy. Even the labour market is standing upright with a stronger stance, and consumer balance sheets are in a much better position than before the pandemic.

The Fed officials have been caught off guard because their justification for raising rates to curb inflation is turning futile. The economic activities are, in fact, increasing, with real estate developers pouring in investment, construction companies enjoying healthy sales, and home purchasers feeling optimistic due to the increase in home equity.

**Cultural Dynamics** 

A popular culture amongst the American youth is of moving out from their parent's house after high school and living on their own. The current Millennials account for the largest block of the population in the United States. These people are in their late 20s and early 30s, which is considered quite late to move out, looking for a house to purchase. This has brought significant potential homebuyers into the housing market. A study based on the research co-written by Aam Ozimek, the chief economist at the Economic Innovation Group, showed that another kind of buyer is those that want a place in isolation for remote working. These are people who were living with their parents or roommates and now want to move out to live on their own. These remote-working people are responsible for increasing home equity.

#### Supply-Demand scenario

Daryl Fairweather, Chief Economist at Redfin, said that a surprising point to notice is the balanced effect of increased rates upon demand and supply. She added that the developers are profiting from the reduced supply clubbed along with a larger decrease in demand. Michael Fratantoni, Chief Economist at the Mortgage Bankers Association, said that the debut buyers had exceeded the expert estimation of a house purchase. Back in late 2020 and early 2021, when the interest rates were almost negligible, loads of people refinanced their mortgages and are now hesitating to sell their houses and take a loss on such cheap mortgages.

This has reduced the supply of houses for sale in the market hence pushing the prices even higher. Igor Popov, chief economist at Apartment List, said that the rent growth 👞 is calm and breathing air, with no signs of a fresh rally.

Rent has been stagnant for months now, which is now slowly coming under the official inflation data as more and more people renew their



### US DEBT CEILING DEAL IS NOT SOLVING THE **ACTUAL PROBLEM OF** NATIONAL DEBT LOAD

The US debt ceiling crisis has been temporarily resolved by suspending the debt ceiling for two years under a two-party deal. This deal also requires the White House to cut federal expenditures by \$1.5 billion over a decade.

This bipartisan deal has prevented the US government from defaulting on its mountainous debt of \$31.4 trillion. The deal involved some low-key spending cuts in the federal budget. But these won't help considering the size of the national debt, and it might trim it to some extent.

President of the United States. Joe Biden, promoted the debt ceiling deal as a saviour of the US economy, preventing it from an economic collapse and crisis. But the expert opinion is not positive. They believe that this debt ceiling issue is financial boiling lava which will boil over frequently. This debt issue is substantially imprinting its dent on the credibility of the US dollar and the creditworthiness of US assets. The debt ceiling deal was agreed upon by Biden and Kevin McCarthy, the House Speaker and was signed by the Senate, which suspended the US debt ceiling till January 2025, in other words delaying the volcano from erupting later.

Because in no normal economic environment can the US government repay significant amounts of the debt to create a buffer room between the national debt and the ceiling. Looking at the current spending spree of the government, this assumption of a lowered debt in the near term ap-



US has a debt of \$31.4 trillion which is estimated to breach the half-century mark of \$50 trillion by 2030. These numbers are reported after calculat-

As per the data from the US Department of Treasury, Congress has raised, extended or revised the debt limit 78 times since the 1960s as per the then scenario. This shows that the debt issue is a decadal problem for the global superpower. It even showcases the helplessness of the US officials to find a way to reduce the national debt, the current situation being no different from the future. The lawmakers were also so paralyzed to formulate a deal to provide substantial relief to the government by creating policies to reduce the debt load.

#### The US Economics

The US economy had fallen into a technical recession in 2022. It seems an arduous task to pull down inflation in the near term. If the inflation will be an extended economic slowdown ahead this year.

According to some research ing the spending cuts ordered in the reports, the \$31.4 trillion debt is absent from the list of causes slowing down economic growth. But, it is estimated that continuously increasing debt levels will make borrowings costlier, hurting businesses. Some experts warned that an increased cost of borrowing for the government would release massive inflation. A US Department of Treasury report for international capital flow disclosed that several countries have kept selling their US debt holdings, signalling a global risk-averse sentiment. The Conference Board reports stated that the consumer confidence index tanked to 102,3 in May from 103.7 in April. According to US media manufacturing.net, in just five months, it is the fourth time that US consumer confidence has fallen.

> The US Presidential election is scheduled for the year, and it would be naive to think this issue would not make its way to politics. The world

negotiations between both parties.

The White House has stepped ahead to display its concerns about reducing the debt, which by all reports, seems to rise higher despite the announced spending cuts. This drama also points toward the key component of American politics, which of one happens to be the government's borrowing obsession.

The Republicans played their role of the opposition by putting pressure on the ruling government by refusing to raise the limit. Their denial was a risk for a possible default and, ultimately, the collapse of the US economy. They gave their terms and conditions to raise the limit. They wanted the Biden administration to cut down on expenditures to reduce deficits.

But the White House and House Republicans could only agree to sign up on some minor spending cuts, majorly from the nondefense discretionary expenses. The spending reductions are a joke.

The base discretionary spending is a meagre 12.5 % of the \$6.3 trillion former President Barack Obama and that the annual government expenditure. The discretionary budget funds the Pell Grants, federal law enforcement and several domestic programs.

These spendings were already estimated to fall in the upcoming future. The main expenditure of the US government is military spending, which astonishingly didn't receive any major cut from the deal. Military non-defence discretionary spending.

political blame game on the matter of some actual meaningful spending cut. In the early talks, they ruled changes in the two largest areas of government spending, Social Security and Medicare. The cost of these programs is estimated to rise in the coming decade.

The negotiators denied accepting President Biden's plan to increase taxes on businesses and levy higher income tax on wealthy individuals, which could have brought in trillions of dollars as revenue. Instead, they agreed to reduce the funds for the Inis responsible for looking after tax 2033 as a part of the future economy. frauds and bringing back that money.

have neglected the other side of the debt to bring in more revenue. They looked at the national debt just as a of larger spending cuts and increased spending issue, not a revenue problem. It should be noted that since the brate debt reduction talks as a sacri-2000s, tax cuts by these parties have fice for the greater good of decreasing contributed trillions of dollars to the the dependence on borrowed money. national debt.

### Historical Political Play

Republicans now want to roll out a new set of tax cuts, the reasons for which are obvious. The Democrat of Wisconsin, Representative Gwen Moore, said before the final vote for the debt deal called the Fiscal Responsibility Act that before the ink is dry on this bill, \$3.5 trillion would be ent. used for business tax cuts.

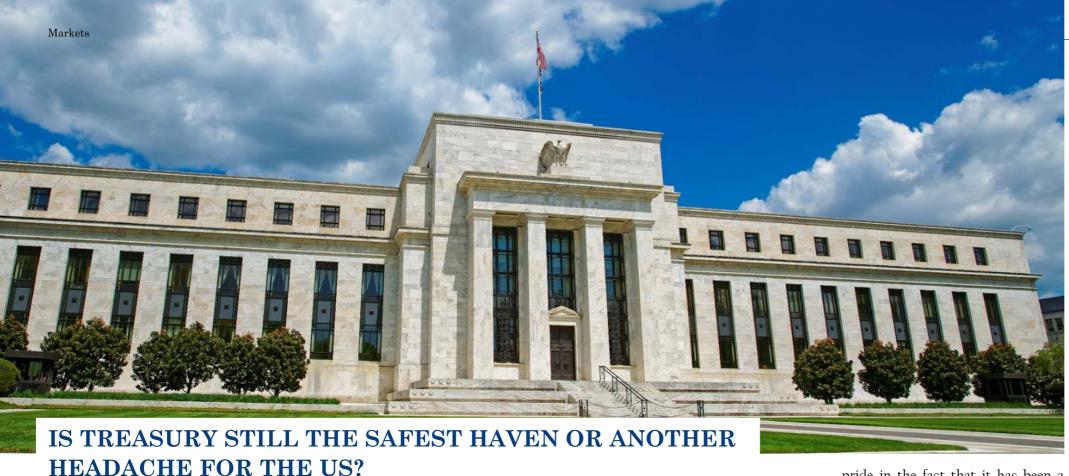
The bipartisan deal between House Speaker John Boehner in 2011 was made a publicity stunt to showcase their utmost care about the debt by increasing the debt limit. Representative Moore's comments sounded like Democrats were learning from the deal in 2011. They had squeezed discretionary spending to reduce the budget deficits for the decade.

Democrats now believe that spending alone is bigger than the base those reduced deficits gave the Republicans leverage to roll out tax cuts in 2017 under President Donal J. Both parties played the dirty Trump. It is estimated to have added almost \$2 trillion to the national debt. They believe that Republicans would once again frame future budget deals by sidelining the deficit concerns and making the tax cuts their sole agenda for the national budget.

Neither former President Trump nor the current President Biden is siding with the talks to reduce spending on Social Security and Medicare. They just don't want to accept the correlation between social programs and increasing inflation. The national debt has more than doubled from below \$15 trillion to \$31.4 trillion since ternal Revenue System (IRS), which 2011. It is expected to be 20% larger in

The growth will be majorly fu-The Republican negotiators eled by these governmental benefits to retiring baby boomers. Both negotiators have outright neglected the mix tax collection. But they wish to cele-

> Speaker McCarthy has announced the establishment of a bipartisan commission to review the federal budget to weed out waste and take important decisions relating to taking care of the debt. Back in 2011, a similar commission was set up to present suggestions on steps to reduce debt but was ultimately ignored by lawmakers. This time it's no differ-



asset - US Treasuries - has become the talk of the global village over the debt limit money to pay back loans.

deal. Treasury bonds, as is known to all, form the foundation of the global financial system. Whenever there has been any economic issue, the most sought-after safe haven has been the US Treasury.

During the debt ceiling drama, treasuries took a significant hit on their worthiness even before a default. Republicans and Democrats were fighting over the negotiation table for one thing, to avoid a government default which could possibly cast a domino effect on a catastrophic financial collapse. But amidst all the concerns, Treasury bonds took the tion as to how investors shall shield first bullet at the beginning of June and were priced near to junk bonds.

United States dodged a possible default after a public drama and a rollercoaster ride for the entire global financial market. Mr Biden and Mr McCarthy agreed upon a Fiscal Responsibility Act to suspend the debt

he ultimate global safest some minor spending cuts. The Senate signed the deal to save themselves from being criticised for having no

> The credit default swap (CDS) market priced the US treasury bills as riskier than the sovereign debt of some third countries like Mexico and Greece.

> Senior analysts at Fitch Ratings had already warned of the US sovereign rating being assigned a negative rating if the country reaches near a default.

### Inseparable Treasuries

There remained a constant questhemselves from default. The answer still remains the same as it has been in times of crisis - the US Treasuries. On the cliff of the deadline, the It has proven itself from time to time, which has attracted \$24 trillion into the Treasury market from overseas. China, the second-largest economy, has a nominal GDP of \$17.7 trillion.

It is a noticeable fact that deceiling for the time being, along with spite the tariffs, sanctions and mon-

ey laundering restrictions imposed by the United States in the past few decades, the US Treasury stands out as a free, open and easily transactional marketplace as per international standards. Considering the depth of the treasury market, its framework model is commendable.

Investors from any corner of the globe can anytime make a purchase and sell securities in a snap of a finger at an affordable cost in the US dollar and US Treasuries. No other financial asset or market provides such liquidity and depth to market participants.

During the debt default drama, Treasuries were looked upon for stability and safety. When everything else in the world seemed shaky, Treasuries stood as the ones that could be trusted.

Even central banks of major economies across the globe look towards stuffing their money into Treasury bonds and holding them till maturity. For decades, never has it been that the creditworthiness and utmost faith of the United States has been jeopardised. The United States takes pride in the fact that it has been a stable country for decades, ruled by Constitutional rules and regulations and by a collective framework of military and political power which it has amassed over time, making it a one of its kind superpower on mother earth.

### Questioning the Political Regime

After the end of the horrific World War II, there has been no question regarding the United States' ability to pay back its bills. Historically several times, the White House confronted the debt ceiling, but each time the abundance of resources at its disposal has made a default seem unthinkable.

The political play has somewhat worked differently in resolving the crisis every time. The friction between the parties has made the situation look like kids' play on a global stage, inviting criticism for internal conflicts and mismanagement. Their inability to smoothly operate the financial mechanism and raise money for the US government has raised doubts. The Treasury market has historically witnessed huge upsurges whenever debt negotiations neared

the default deadline, ultimately saving fell more than 6%. At the peak of this the government from going bankrupt. These rallies are the result of global investors looking for a safe option in insuring the Treasury debt, which times of crisis, as the stock market is highly volatile. For instance, in the early days of Brexit, Treasuries surged due to fears of an uncertain scenario.

Ironically, when a crisis erupts in any country, money flows to the US Treasuries, but what to do when the United States is the origin of the crisis? Then comes the "Ghostbusters "logic of where else can one go?

One such instance happened back in 2011 when an elongated dispute on the debt ceiling almost got close to a default leading to a downgrade of the AAA-rated US debt by Standards & Poor. The Ghostbusters' logic came to play as, later on, the Treasuries rallied, despite being the epicentre of the crisis.

The United States rescued itself from a default this time with the Treasuries regaining their lost status of a safe haven. But this time, things were a bit different; in May, the credit default swap market became a bit overstretched, and Treasury bills appeared weak, with corporations making a provision with a smaller probability of a US default.

Sachs and MSCI added the Treasuries to bear market watch in the lower probability and higher risk scenarios for the debt crisis. Future downgrades could be expected if both parties display a public show of disagreement and distrust in the trustworthiness of the Treasury, which could further be sury has been tested with massive questioned.

#### **Bond Market Outlook**

According to data from financial data and research software company FactSet, the yields of Treasury bills of June maturity were trading at a gain of 7% on May 24, signalling that traders want a significant risk premium for buying them. Just four days later, on Memorial Day, those yields

debt crisis, the credit default swap market saw a fall in the premium for heavily tanked to almost one-seventh of its high.

The bond market also has substantial depth and requires multiple factors to oscillate heavily. Apart from the debt issue, the Fed's primary concern of controlling inflation by tightening the monetary policies poses a constant threat to the bond market. The havoc created by the Fed's raising rates on domestic banks has significantly impacted their balance sheet and has sent a warning for a possible recession.

These dreadful factors ironically make bond and Treasury investments attractive. Last year, Bond yields increased significantly, registering healthy year-on-year growth for the bond market. An investor holding a one-year treasury bill till maturity can bank on a return of more than 5%, which makes it a contender in the list of risky investments like stocks. These make short-term Treasuries even more attractive than stocks. But the same thing is not in the case of long-term bonds, as their yields are on the lower side.

As per the theory of the bond Financial firms like Goldman market, the yield curve is generally inverted. This signals that traders are expecting a recession, where the Fed will have to decrease the shorter-term interest rates to boost economic

> In the past few weeks, the Treavolatility, with its credibility going for a toss. Their ability to be a safe and stable asset has been questioned. The characteristic of being a risk-free asset has been doubted. But whatever may be the case, global investors don't have an alternative to Treasuries. They could again rise and shut the rumours by reestablishing themselves as a risk-free marketplace to invest



WHITE HOUSE TOUTS 'BIDENOMICS'

AS THE NEW MANTRA **FOR AMERICAN REVIVAL** 

S President Joe Biden has announced 'Bidenomics' as the centerpiece of his re-election campaign. Speaking from Chicago on Wednesday, Mr. Biden framed Bidenomics as a revolutionary transformation in American economic policy, directly opposed to the past forty years of Reaganomics. At a time when the American economy grapples with red-hot inflation, bank collapses, an ascendant China, and fears of recession, Mr. Biden has made a risky bet on his economics as his core poll strategy.

In his speech, President Biden claimed that the previous era of trickle-down Reaganomics had hollowed out the American middle class, destroyed hundreds of industrial towns, exported millions of jobs to Asia, and created risky dependencies in supply chains for strategic goods. He further went on to claim that his policies would be key to restoring the middle class, countering China, and re-industrializing America.

Initially coined by the media opposed to Biden, his regime has co-opted the term as an economic ideology unifying his legislation and policies in his first term. Remarkably similar to Donald Trump's 'America First policies, it remains to be seen whether a despondent American workforce will see it as enough to re-elect the octogenarian Democrat over his Republican counterpart.

### place?

'Bidenomics' is the name given to the economic policies of the Joe Biden regime, similar to how Reaganomics refers to the trickle-down, neoliberal policies of Ronald Reagan and Obamacare to the healthcare plans of Barack Obama. It aims to rebuild the American economy from the middle out and bottom-up – in stark contrast to the previous era of trickle-down economics - which Joe Biden stated has failed America and the middle

According to press releases from the White House, the Bidenomics strategy rests on the three major planks - ramping up public investment in America for things like semiconductors and clean energy, empowering and educating workers through college debt amnesty and unionization, and promoting market competition through better regulations such as discouraging non-compete clauses. If successful, Bidenomics represents a revolutionary transformation of the neoliberal status quo of the last four decades. Till now, the Bidenomics package is mainly made up of four major laws passed by the Democrats before the Republicans took control of the House of Representatives. These laws include the CHIPS Act, which aims to secure supply chains and promote high-tech manufacturing in America, the trillion dollar Infrastructure Bill, the trillion dol-

What is Bidenomics in the first lar Covid stimulus American Rescue Plan, and the flagship Inflation Reduction Act, which aims to curb inflation by lowering medicine prices, lowering the federal budget deficit, and invest in domestic clean energy, among a host of other measures.

### Have Joe Biden's economic policies worked up till now?

Joe Biden also claimed that the economic policies of his regime had outperformed all other countries, which sounds dubious at best considering that two-thirds of Americans disapprove of his handling of the economy and feel it is in shambles. A closer look at the data shows that although the American economy has seen stronger growth and employment generation than other developed economies, this growth is still well below those recorded in countries like India and China. Furthermore, the government has dropped the ball on inflation, with massive overspending by Biden contributing to inflation well above that in other developed nations, at least initially. Thus, it seems that Bidenomics' impact on the economy so far has been relatively mediocre – while it may be performing decently in comparison to developed nations of Europe and Japan, it underperforms Asian giants like China and India in growth. With Joe Biden betting his political career on Bidenomics, it remains to be seen whether American businesses and voters will respond well to this.

### **UBS GROUP AG TAKES OVER ERSTWHILE** RIVAL CREDIT SUISSE

witzerland-based multinational investment bank and financial services company UBS Group AG has completed the acquisition of its former competitor Credit Suisse Group AG. As a leading institution in the private banking and asset management sector, Credit Suisse faced a global financial crisis in 2008 to form a global powerhouse in wealth management. It was expected to fall further into debt in 2023, causing its shares to tumble down rapidly. A report stated that this crisis that happened 15 years ago led to a loss of nearly eight billion Swiss francs.

**Swiss Bank confirmed the deal** in an open letter on Monday about completing acquiring **Credit Suisse. This ended the 167-year-old independent** existence of Credit Suisse.

#### Formation of Swiss Bank Titan

The takeover of Credit Suisse by UBS Group has led to the creation of the Swiss Bank Titan. This bank announced that it had already reached an agreement in its open letter on 12 June 2023, Monday. This has led to Credit Suisse's 167-year independent existence ending with the acquisition. Moreover, this has also resulted in a \$1.6 trillion balance sheet profit and expanded weight in the wealth management sector. UBS Group CEO Sergio Ermotti and Chairman Colm Kelleher referred to this acquisition as the "beginning of an exciting new chapter and also as a new opportunity." This transaction, which gives UBS control over \$5 trillion in assets, allows it to grow more quickly in some areas without putting in the years-long effort needed for organic expansion. As mentioned earlier, it also ended Credit Suisse's existence. Around 120,000 people work together in the worldwide workforce;



however, as synergies are expected to lower costs, job losses are likely to be unavoidable.

### Ex-Bankers From Credit Suisse Are Subject to Harsh Restrictions

UBS Group plans to execute even more strict actions on former banks of Credit Suisse to reduce risks associated with the new partnership. One of the restrictions is prohibiting accepting clients from high-risk countries and taking part in complicated financial product offerings without top UBS managers' consent.

Nearly two dozen risk-related prohibitions have been outlined for ex-Credit Suisse employees throughout their transfer into the newly constituted business to assure further compliance with these strict requirements, referred to as "red lines." This also stops bureaucracy from mixing with some leaders or state-owned associations in Ukraine. It was done to stop money laundering from increasing even more. The primary goal for laying out these restrictions is to lessen the risk associated with this big deal, which Swiss authorities engineered three months earlier to stop Credit Suisse from going under.

### Assurance From the Swiss Government

The agreement with the Swiss government assured UBS Group that this takeover would provide \$10 billion in protection from the losses that have occurred before. After UBS absorbs the initial \$5 billion loss, this financial support would be done. This will help in clearing out any leftover obstacles that are there. Moreover, banking industrialists observed that this historic acquisition would reshape the banking world and help it move forward.

### MEXICO IS QUIETLY BECOMING THE NEXT **MANUFACTURING POWERHOUSE**

opening the world's largest EV factory in Mexico moving production to northern Mexico have brought to light a new trend that could fundamentally reshape the global economy: the renaissance of manufacturing in Mexico.

Both American and Chinese companies have been pouring capital into opening factories in Mexico, and this influx of foreign capital has spurred a boom in manufacturing in the coun-

Nor is this manufacturing based on low-value and low-quality products, but instead, often in high-value-added and sophisticated sectors like automobiles, aerospace, medical devices, and such, along with more basic stuff like furniture and textiles.

now employs a million people, and Mexico has quickly grown to become the sixth-largest car manufacturer in the world.

With China nearing saturation and the global system, the country has deftly positioned itself as an economic beacon of both the North American and Latin American worlds.

Factors like robust Intellectual Property protections (a deficiency for which China is notorious), strong institutional frameworks, and a large number of free trade deals do play a role, but Mexico also has some unique advantages that it is leveraging, such as the Maquila system, recent political-economic trends, and geography.

This foreign manufacturing in or fashion giant SHEIN the country mostly happens under the 'maquiladora' system (maquila for short). Concentrated in Northern cities like Tijuana, Mexicali, Ciudad Juárez, Monterrey, and Mexico City, the maquila system sees foreign suppliers, mostly American, outsource production to take advantage of cheaper labour costs and complianc-

> While the exact model may vary from subcontracting production to a local firm, opening a subsidiary, or a shelter company, the maquila model has seen unprecedented economic integration between the two countries, to the point where it is difficult to classify whether a car was produced in Texas or Mexico.

These maquilas are the largest The automotive industry alone source of foreign exchange for Mexico and the second largest sector overall, only behind the petroleum industry. More than 3000 of these maquilas dot the US-Mexico border, employing more than a million workers and providing a unique employment opportunity for women.

> These factors have made them an indispensable part of the Mexican economic landscape and a primary engine for the ongoing boom in manufacturing in the country.

#### The Advent of 'Nearshoring'

A factor prompting the boom of manufacturing in Mexico is the recent supply chain crisis. The combination of the zero-COVID policy in China and clogged ports has exposed

the risks of outsourcing production to Asia. This has prompted a new trend known as 'nearshoring', where countries and businesses relocate production to places closer to them, both geographically and politically.

The nation, in particular, has certain key advantages that make it an attractive destination for American manufacturers, as well as foreign players looking to access the lucrative American consumer market. This has led it to become the prime beneficiary of this 'nearshoring' trend.

First and foremost is cost. It has a large labour force with wages that are now, in certain places, lower than in China, as well as a large and educated pool of engineers, technicians, and other high-skilled jobs.

This has led it to become a competitor to China on production costs, and with China becoming more expensive by the year, Mexico only gets more attractive as a destination for

### Mexico is Evolving Into America's **Closest Economic Partner**

Mexico has also entered the USMCA (or NAFTA 2.0) trade agreement with the United States and Canada, giving it preferential tariffs and treatment.

Trade between the USA and Mexico originally boomed in the 90s after the first NAFTA, and the USM-CA has continued that trend, with Mexico now being the United State's second-largest trading partner, totalling \$677 billion in 2019.

also been robust, meaning that Mexico is likely to become America's largest trading partner soon, a position it is likely to maintain for the rest of the decade.

There are also deep and intimate people-to-people contacts between Mexico and the USA. No matter how much Mexican migration to the USA gets criticised, it is an undeniable fact that the Spanish language and Mexican culture have been embedded deep into the American consciousness. The regular and daily contact between Americans and Mexicans further contributes to the exchange of goods, services, and ideas between them.

Finally, there is the simple fact of geography. Mexico being a neighbour of the USA, with a wide-open border and several road and rail links, means that logistical costs are much lower between the countries than between, say, China and the USA. Not only are the North and Central parts of the and growth.

but there are also multiple road links, reducing the risk of supply chain shutdowns due to a single blockage, as happened due to over-usage of the Port of Los Angeles in 2021 and 2022.

Trucks and freighters regularly ply the route between Northern Mexican cities to the Southern United States multiple times a day, the journey often taking just a few hours, and it is hard to beat that kind of access and synergy with the world's largest consumer market. Trade deals, culture, economic policies, labour costs, and myriad other factors might play a part, but the proximity between the States and Mexico is the single biggest factor in the recent boom.

#### Conclusion

Of course, all is not as rosy as it may seem. The boom of manufacturing in Mexico is heavily skewed to

ly neglected. This inequality between regions might lead to social conflict down the line. Mexico also does not have as business-friendly and entrepreneurial a culture as some Asian powerhouses, as demonstrated by the popular support for the leftist policies of President Obrador (AMLO).

There are also a few other issues, such as the increasing influence and violence of the infamous drug cartels, continued xenophobia in the USA, and security issues from Central America, but overall the future looks quite rosy.

Of course, the advantages of China are hard to beat, but people are slowly recognising the unique benefits of manufacturing in Mexico too. With every day bringing fresh headlines of new factories in Mexico, the next two decades should see Mexico entering a historic era of prosperity





lencore-backed Viterra and American agribusiness and food company Bunge are all set to merge creating an agricultural trading behemoth worth \$34 billion including debt, according to company statements. The merger will bring the agricultural trading giant closer, on a larger global scale, to leading rivals 2 percent. According to the joint like Cargill and Archer-Daniels-Midland.

Viterra and Bunge will have a \$17 billion value each. Nearly 70 percent of the company, however, will be owned by Bunge as the company will pay for a significant amount of the in Canada will review the planned deal with cash. There are also chances of possible regulatory scrutiny over the deal. This is undoubtedly one of the biggest deals in the global agricultural sector and comes after Bunge posted a record-adjusted profit in bean shipper and the third-largest the year 2022 as they benefitted from scarce global grain supply due to the Russia-Ukraine war.

#### Deal details

According to the guidelines of the agreed merger, Viterra shareholders will receive nearly \$65.6 million shares of Bunge stock, carrying a value of about \$6.2 billion, and almost \$2 billion in cash.

Viterra shareholders will own 30 percent of the combined company by the closure of the deal by mid-2024.

The chief executive of Bunge, Greg Heckman, stated that the companies are highly complementary. "The way the assets and teams fit together, the strategic merit is one that we've looked at for years ... Things just finally aligned," added Heckman.

Bunge share also rose more than statement, Bunge will also assume \$9.8 billion of Viterra's debt. Bunge is among the world's largest oilseed processors, while Viterra's business was having a hard time and this could also invite regulatory scrutiny in Argentina and Canada. Authorities merger while authorities in Argentina haven't received a formal notification of the merger, reports Reuters.

Viterra was the number 7 soycorn exporter. Bunge, last year, was the largest soybean and corn exporter from Brazil, which is also the world's top source of staple crops for making biofuels. The merger would enhance Bunge's oilseed processing business in the world's No.2 soy and corn exporter. Bunge's physical grain storage capacity and handling capacity expanded with the deal in Australia, where the company currently operates on a smaller scale with a port terminal and just two-grain elevators in the western part of the country.

Viterra on the other hand has 55 storage sites in Western Victoria and South Australia and six bulk grain export terminals.

#### Bringing down the competition

Greg Heckman and the management team of Bunge will supervise the combined entity. The Consumer Federation of America stated that the deal would reduce the competition for farmers' crops and consolidate the processing of oilseeds used to make biofuel and plant-based foods at a time when the Biden administration is promoting competition in the economy. The director of food policy for the Federation, Thomas Gremillion, stated that additional concentration would harm consumers and businesses alike like plant-based food manufacturers.

Bunge mentions that it plans to repurchase \$2 billion of its stock to enhance amassing from the deal to adjusted profit. The deal is also backed by the Sumitomo Mitsui Banking Corporation (SMBC) by financing \$7 billion. British Columbia Investment Management Corp and Canada Pension Plan Investment Board (CPPIB) are in support of the deal, mentioning that all Viterra shareholders are on

The combined entity would have three oilseed processing across Ukraine's east and south regions-Dnipro, Kharkiv, and Mykolaiv. Acquiring Viterra would bring Bunge more in line with ADM which recorded sales of \$102 billion last year. The merger is also expected to bring nearly \$250 million of annual gross pre-tax tax operational synergy within three years.



f the couple of hundred nations on earth, there is now one more, a new nation known as Slowjamastan. The micronation, founded in California in 2021, is led by Sultan Williams, the founder and 'eternal leader' of Slowjamastan, and is experiencing swift growth. Sultan Williams, formerly a late-night DJ, claimed that Slowjamastan would be the 'foremost micronation in the world' in a matter of years. The micronation, officially called 'The United Territories of The Sovereign Nation of The People's Republic of Slowjamastan', began its history on December 1, 2021, at 12:26 PM, when founder, DJ, and Sultan Randy' R Dub' Williams declared independence from the United States in full state regalia. The secession was broadcast live from the government headquarters in the capital, Dublan-

**Slowjamastan has** experienced rapid demographic growth since its inception.

Williams was inspired to find his country after having visited every single country in the world. He ran out of countries to visit, so he created his own. He desires to satire the absurdities of politics, and he leads the 'republic' as a 'Sultan' to showcase the bizarre contradictions of places like North Korea. Originally founded with a population of one, it now has

more than 500 citizens, with a further 4,500 more part way through the process. This makes

Slowjamastan the fastest-growing population on Earth. The local economy of the micronation is also booming, with its main and only industry being tourism. Located a few hour's drive from San Diego in California, the nation occupies a small patch of desert that Williams bought for \$19,000. Above this, he has erected an enormous 'Welcome to Slowjamastan' sign, a border control post, and a ministerial office. Dozens of tourists have visited Slowjamastan to take selfies, visit Independence Square, where sovereignty was declared, and hunt for the rare 'Slowjamastan Raccoon', the national animal of Slowjamastan.

Other aspects of Williams' domestic policy include instituting the national currency, the 'duble', as well as a national anthem – "Slowjamastan (I Think It's Gonna Be an Awesome Place)", written by the founder himself. The country also has its own passport and national symbols. One major law is the prohibition against wearing Crocs, which is punishable by seizure and deportation. An aggressive and committed 'Porder Batrol' has been hard at work seizing contraband, already confiscating 427

Slowjamastan has even engaged in foreign relations. In 2021, Williams visited another micronation, The Republic of Molossia, and now says he is working towards international recognition. On a recent trip, he had his

Slowjamastan passport stamped by 16 different countries, including South Africa, the United States, New Zealand, and Vanuatu. However, Slowjamastan will have a regulated immigration policy, with a border fence already constructed. Though the nation claims that it meets all criteria for sovereign nation-statehood, under the 1993 Montevideo Convention, it is still a far shot whether his country will be recognised by the United States. The micronation is entirely enclosed by United States territory, and Williams claims he has reached out to Joe Biden for negotiations.

"I'm a little frustrated to admit that, despite emails and DMs to President Biden on Facebook, Twitter, Instagram, and MySpace, our messages have all been left unread," Williams stated, "Perhaps they are stuck in his spam folder. We're going with that." Though there are a bunch of other declared micronations in US territory, they have never been recognised. One partial exception is the Native American nations, which are given partial sovereignty within the US system.

Williams also has clear ideas of what the future of the nation should be. His next grand plan is to raise enough funds to build "a lazy river, an armadillo farm, an all-you-can-eat Mongolian BBQ establishment and, of course, a giant statue/monument of The Great Leader (me)." He desires Slowjamastan to be a place of 'freedom, honour and respect' and envisions it as a powerful leader on the world stage.

### WINNERS OF THE ANNUAL GLOBAL ECONOMICS **AWARDS AS OF (JULY 2023)**

### **Commercial Bank of Ceylon**

PLC, Bangladesh Best Foreign Bank

#### Jamuna Bank Limited (JBL),

Bangladesh Best CSR Bank

### **Al Salam Bank,** Bahrain Most Innovative Marketing and Branding Campaigns in Banking

**SICOBANK,** Bahrain Best Investment Banking Service Provider

### Caye International Bank,

Belize

Best Offshore Private Bank

#### Bradesco Global Private Bank.

Brazil

Best Private Bank and Best Bank Malaysia for Wealth Management

#### Banco do Brasil, Brazil

Most Innovative Bank for Wealth Management

#### SME Bank of Cambodia,

Cambodia

Fastest Growing SME Bank

#### aiBANK, Egypt

Most Innovative SME Financing Campaign - Financing That Moves You 100 Strides Forward

### BanqueMisr, Egypt

Most Socially Responsible Bank For Sustainable Development

### Banque Du Caire, Egypt

Best Treasury and Correspondent Bank and Best Bank In International Banking Transactions

### ADIB Egypt, Egypt

**Best SME Bank** Best Islamic Bank

### Mox Bank, Hong Kong

Best Virtual Bank

### Credit Bank PLC, Kenya

Best Digital Transformation In **Banking** 

### **KBZ Bank,** Myanmar

Best Commercial Bank **Best Digital Transformation** In Banking

### AmBank Group,

Malaysia

Most User-Friendly Mobile **Banking Solutions** 

### Public Islamic Bank Berhad,

Most Sustainable Islamic Bank

#### VFD Microfinance Bank,

Nigeria

**Best Banking App** (V by VFD)

### Abbey Mortgage Bank Plc,

Nigeria

Best Mortgage Bank Best Customer-Centric Mortgage Bank

### **Accion Microfinance Bank**

Limited, Nigeria

Most Socially Responsible Microfinance Bank

### Meezan Bank, Pakistan

Best Retail Bank

#### Siam Commercial Bank,

Thailand Best SME Bank

### First Bank of Nigeria Ltd,

Nigeria

Best Private Bank Best Innovation in Retail Banking

#### Mobilink Microfinance.

Pakistan

Most Innovative Microfinance Bank

### Country Builders Bank,

Philippines

Best Micro-finance Bank

### **Commercial Bank Of Ceylon**

PLC, Sri Lanka

Best Digital Transformation In Banking & Best Retail Bank

### **National Development Bank**

Al Rajhi Bank, Saudi Arabia

Taipei Fubon Bank, Taiwan

**Experiences & Best Customer** 

**Best Digital Transformation** 

Krungthai Bank, Thailand

Best CSR Bank & Excellence in

Digital Transformation Bank of

the Year & Best Mobile Banking

Customer Service (Banking)

in Banking & Best Investment

Best Internet Banking

CTBC Bank, Taiwan

**Banking Services** 

MBBank, Vietnam

App

Best Digital Transformation In

PLC, Sri Lanka

Banking

Service Bank

Best Bank For Women **Empowerment** 

### Maxxa Financial Services,

ment. Brazil

Chile

Most Innovative Financial Management Platform For SMEs

HD Bank. Vietnam

Service Provider & Most

Innovative Digital Bank

Bank (OCB), Vietnam

Invest Bank, UAE

Banking Service Provider

Most Innovative Digital Core

**Banking Service Provider** 

**Emirates NBD Bank, UAE** 

Best SME Bank Of The Year

**BNP Paribas Asset Manage-**

**Best Pension Fund Manager** 

Most Innovative Asset

**Management Company** 

Retail Bank Of The Year

Most Innovative Mobile Banking

**Orient Commercial Joint Stock** 

### **Squared Financial, Cyprus**

Most Innovative Forex **Trading Platform** 

### Al Ahly Financial Services,

Egypt

Most Innovative Investment **Banking Advisor** 

### **Fosun Wealth International Holdings Limited,** Hong Kong

Excellence In Wealth

**Management Services** 

### IFCMARKETS. CORP. Indonesia

**Most Innovative Forex Brokerage House** 

### PT BRI Danareksa Sekuritas.

WINNERS OF THE ANNUAL GLOBAL ECONOMICS

**AWARDS AS OF (JULY 2023)** 

Indonesia

Best Investment Banking Services

### Japan Securities Finance Co,

**Best Corporate Governance** Most Customer-Centric Digital Practices (Finance)

### Inveslo Trading Ltd,

Kazakhstan

Fastest Growing Forex Brokerage Company & Best Practices In Transparent Trading

### **NBK Capital**, Kuwait **Best Asset Management**

Company and Best Digital **Trading Platform** 

V Capital Group, Malaysia Best Practices / Strategies In Corporate Advisory Services

### Wafacash, Morocco

Money Transfer Company of the Year

### First Registrars and Investor

Services Ltd, Nigeria **Best Registrar Services** 

ATRAM, Philippines **Best Fund Management** 

### Malayan Insurance Company,

**Inc.**, Philippines Best Non-Life Insurance

Company

Company

### QInvest, Qatar

Best Investment Bank

### Vallibel Finance, Sri Lanka **Best Finance Company**

### Emerald Isle, Sri Lanka Best Overseas HR Consulting Firm & Best Brand For Recruit-

### **Alpha Capital For Financial**

ment & Talent Management

**Services**, Syria

**Fastest Growing Equity Brokerage House & Most** Innovative Equity Brokerage House

### **Sidra Capital**, Saudi Arabia Best Shariah-Compliant Alternative Investment

**Company Most Innovative** Investment Fund - SIF II

Budget Saudi, Saudi Arabia Best ESG Practices Company in **Transportation Sector** 

### **Grovest, South Africa** Most Innovative Alternative

Investing Strategies (Small Cap)

A2X Markets, South Africa Fastest Growing Stock Exchange

### **Bangkok Commercial Asset**

Management Plc, Thailand Most Customer-Centric Asset Managers In Non-Performing

Assets Best Practices In Non-Performing Loan Management

### SCB10X, Thailand

**Fastest Growing Corporate** Venture Capital Firm

### Fubon Securities. Taiwan Best Brokerage House

### **AIX Investment Group, UAE**

Most Client-Centric Investment **Advisory Firm** 

# WINNERS OF THE ANNUAL GLOBAL ECONOMICS AWARDS AS OF (JULY 2023)

**FE CREDIT,** Vietnam

Best Sustainable Development Strategies In Consumer Finance Best Digital Transformation In Consumer Loan Offerings

SHB Finance, Vietnam Most Customer-centric Consumer Lending Service Provider

**TienNgay,** Vietnam
Best New Retail Financing
Company

### MB Shinsei Finance Limited Liability Company (Mcredit),

Vietnam
Best Consumer Finance
Company

### Solidarity Group Holding,

Bahrain Best Takaful Company Most Innovative Takaful Company

### **Kuwait Insurance Company,**

Kuwait Most Financially Stable Insurance Company

**Burgan Takaful,** Kuwait Fastest Growing Takaful Insurance Company

**KFH Takaful,** Kuwait Best Takaful Insurance Company

AXA Mansard, Nigeria Most Innovative Insurance Company Most Innovative Healthcare Insurance Products

**Sukoon Insurance,** UAE
Best Rebranding In Insurance

### Malayan Insurance Company,

**Inc.,** Philippines
Best Non-Life Insurance
Company

**Amana Takaful PLC,** Sri Lanka Fastest Growing General Insurance Company (Takaful)

**Eagle D V R S,** Sri Lanka Most Innovative Reinsurance Broker

### Taiwan Life Insurance Co., Ltd,

Taiwan Best Life Insurance Company Best Digital Innovations In Life Insurance

**Fubon Insurance,** Taiwan Most Customer-Centric General Insurance Company

### Krungthai-AXA Life Insurance,

Thailand
Best Distribution Channels in
Insurance
Best Marketing Campaigns
(Insurance) –

"Make time for me-time" and
"Believe in what is right with
Emma"

### Sompo Insurance (Thailand) Public Company Limited,

Thailand Most Innovative Digital Transformation Non-Life Insurance Company

Howden Maxi Insurance Broker Co., LTD, Thailand Best Non-Life Insurance Brokers

Madinet Nasr, Egypt Best Investor Relations (Real Estate) **Zest Properties,** Iraq Fastest Growing Property Management Company

### Vista Land & Lifescapes, Inc,

Philippines
Best Community Real Estate
Developers

### **Landco Pacific Corporation,**

Philippines
Best Leisure Real Estate
(Resort Estate) Developer
Of The Year

### **Retal Developments,**

Saudi Arabia Fastest Growing Community Property Developers

**Azad Properties,** Saudi Arabia Fastest Growing Property Management Company

RV SG Pte. Ltd, Singapore Best Real Estate Co-Investment Platform and Most Client-Centric Real Estate Investment Company

**ALLY Leasehold Real Estate Investment Trust,** Thailand
Most Innovative Diversified
REIT Management

**D&B Properties,** UAE Fastest Growing Real Estate Brokerage Firm

Vantage, Australia Most Innovative Online Trading Products (Forex) Most User-Friendly Trading Mobile App – Vantage

**Orange,** Egypt Best CSR Telecom Company

# WINNERS OF THE ANNUAL GLOBAL ECONOMICS AWARDS AS OF (JULY 2023)

eBSEG, Egypt

Best CEEP-Omnichannel Customer Experience Platform Fastest Growing Digital Trading Omnichannel Solution Provider

**iQ Group,** Iraq Best Fiber Internet Service Provider

**Swapifly,** Hong Kong Best AI-Based E-Commerce Startup

**SleekFlow,** Hong Kong Most Innovative Omnichannel Social Messaging Platform

**UPayments,** Kuwait Most Innovative Online Payment Solutions Provider Best New Payment Mobile App – Upay

# **Lao Telecommunication Public Company,** Laos Best Telecommunication Service Provider

Service Provider Most Customer Centric Telecommunication Company

### **Sedania As Salam Capital Sdn Bhd,** Malaysia

Most Innovative Shariah-Compliant Digital Commodity Trading Platform

### **mmob,** Malaysia Fastest Growing Embedded FinTech Solutions Provider

FinTech Solutions Provider Most Innovative Embedded FinTech Solutions Provider

ThitsaWorks Solutions
Myanmar Co., Ltd., Myanmar
Most Innovative FinTech
Solutions Provider For MFIs

### SeedIn Technology Inc,

Philippines Most Innovative P2P Lending Platform

**TD Markets,** South Africa Fastest Growing MT4 Trading Platform

### Interactive Smart Communications (ISC),

Saudi Arabia Most Innovative Digital Transformation Solutions Provider

LOLC Technologies, Sri Lanka Most Innovative Business Transformation Solutions Provider (For Oasys)

**DETEKT Limited,** Thailand Most Innovative Product Designer

**DGrade FZ – LLC,** UAE Best Recycling Initiative – Simply Bottles

Pantavanij Co., Ltd, Thailand Best eProcurement Solutions Provider Most Innovative Cost-Saving Strategy

Development Product - Coral

### The 1 Central Company Limited, Thailand

Best Digital Lifestyle and Loyalty Platform & Best Customer Experience in Rewards and Loyalty Program

Atome, Thailand Best "Buy Now Pay Later" Startup Fastest Growing Buy Now Pay Later (BNPL) Platform

### Luna PR, UAE

Most Innovative Web3 Marketing Agency

### FOO, UAE

Most Innovative B2B Fintech Solutions Provider

**Payme,** Uzbekistan Best Mobile Payment Technology Company

### SmartOSC Corporation,

Vietnam Most Customer-centric eCommerce Partner

CMC Telecom, Vietnam
Excellence In Telecommunications Services & Data
Management

Alternergy Holdings Corporation, Philippines Most Innovative Renewable Energy Company

**TPI Polene Power Public Company Limited,** Thailand
Best Innovations In Renewable
Energy Industry

# **TPI Polene Public Company Limited,** Thailand Best ESG Practices For Sustainable Development

**Recycoex,** Thailand Most Innovative Sustainable Waste Management Solutions Provider

Localiza, Brazil
Excellence In Mobility Solutions
Most Innovative Car Rental
Platform [Locate – Car Rental]

# WINNERS OF THE ANNUAL GLOBAL ECONOMICS AWARDS AS OF (JULY 2023)

XTrend Speed, UK

Best Zero Spread Forex Broker

**VL Enterprise PLC,** Thailand Best Fleet Vessels for Oil Cargo Transportation

eSmartHealth Limited,

Hong Kong Most Innovative Digital Healthcare Management Platform ( DrGo )

Real Estate Registry - RER,

Saudi Arabia.

Most Innovative Real Estate Solution Provider

**University Hospital Quirónsalud Madrid,** Spain
Excellence in Healthcare Sector

Doctor Anywhere Pte Ltd,

Thailand

Most Innovative Digital Healthcare Platform

Bangkok Hospital Hatyai,

Thailand

Most Customer-centric Private Hospital for Heart Treatment

WP Energy Public Company Limited, Thailand

Best Place to Work (LPG)

**MG Group,** Indonesia Most Innovative B2B Hospitality Marketplace

Best Emerging Leader in Digital Advertising Technology **Mr. K.A.M. Rashedul Mazid** 

**Mr. K.A.M. Rashedul Mazid**Raise IT Solutions, Bangladesh

Best Emerging Entrepreneur in Telecom

Mr. Eaikdi Hla

Eager Communications Group Company Limited, Myanmar

Outstanding Contribution Towards Investment Banking **Ms. Najla Al Shirawi** SICOBANK, Bahrain

Best Emerging ISP CEO **Mr. Asoz Rashid** iQ Group, Iraq

Best Emerging CEO in Business Banking Mr. Tamer Adel Seif El-Din

aiBANK, Egypt

Best Emerging CEO In Real

Estate Industry
Eng. Abdallah Sallam
Madinet Nasr, Egypt

CEO of the Year (Investment Management)

**Mr. Ahmed Salem**Al Ahly Financial Services, Egypt

Best Emerging CEO in Takaful Insurance

**Mr. Amro Khiwa** Burgan Takaful, Kuwait

CEO of the Year (Takaful Insurance) **Mr. Kotaiba Al Nusif** 

KFH Takaful. Kuwait

Best Emerging CEO in Islamic Banking

Mr. Syamsul Azuan Bin Ahmad Fauzi

Public Islamic Bank Berhad, Malaysia Best Emerging CEO In Car Rental Industry

**Dr. Abdulrahman Al Shikhy** Rehla, Saudi Arabia

Outstanding Contribution Towards Sustainability In Real Estate Development

**Mr. Erickson Manzano**Landco Pacific Corporation,
Philippines

Emerging Women CEO of the Year (LPG)

Ms. Chomkamol Poompanmpung

WP Energy Public Company Limited, Thailand

Best CEO in Transportation of Petroleum and Chemical **Mrs. Chutipa Klinsuwan** VL Enterprise PLC, Thailand

Emerging Leader in Healthcare Industry –

Asst. Prof. Kritaungkun Chetpaophan, M.D

Bangkok Hospital Hatyai, Thailand

Outstanding Women Entrepreneur **Ms. Nguyen Thi Nga** BRG Group, Vietnam

Outstanding Contribution to Car Transportation and Logistics Sector

**Mr. Fawaz Abdullah Danish** Budget Saudi, Saudi Arabia



**AWARDS 2023** 

Nominations Open

Banking | Finance | Insurance | Technology | Real Estate | Transportation | Leadership | Utility | Healthcare | Hospitality

Please Visit Our Website www.theglobaleconomics.com





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