THE GLOBAL ECONOMICS

Issue 12
May 2023
£4.99 | €5.52 | $6.23

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De-dollarisation: realistic, or just another empty buzzword?

Artificial intelligence: an opportunity for middle east investors

Erdogan secures another term in a historic win

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# An Ode To Our Readers

***Greetings from the Global Economics!***

We are proud to present the 12th 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 months 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 energy crisis in Europe, raising concerns about probable blackouts.

Investors, on the other hand, are betting big on the development and adoption of Generative AI chatbots that changes the dynamics of the internet experience. From the Adani-Hindenburg row to the Silicon Valley Bank Collapse, 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***

THE GLOBAL ECONOMICS

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The Global Economics Limited

# 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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# ALIBABA UNDERGOES LARGEST OVERHAUL IN ITS HISTORY, SPLITS INTO SIX UNITS

In a move that has surprised many in the business world, Chinese e-commerce giant Alibaba Group Holding Ltd. has announced that it will be splitting into six different units. This move has been described as the largest structural overhaul in the company's 24-year-long history. Significantly, this is just a day after founder Jack Ma was spotted back in China after several months abroad. The move comes at a time when Alibaba is facing increasing competition in its core e-commerce business, particularly from rivals JD.com and Pinduoduo, which have been rapidly gaining market share in China's online retail market. By restructuring its business, Alibaba hopes to better compete with these rivals and capture new opportunities in the market.

### An attempt to get into the CCP's good books?

Alibaba's decision to split into six units is also seen as a response to the growing regulatory scrutiny that the company has faced in recent years. Chinese regulators have been cracking down on the country's big tech companies, including Alibaba, over concerns about corporate influence, anti-competitive practices and data privacy.

By breaking down its business into smaller units, Alibaba may be able to better navigate this regulatory landscape and avoid potential antitrust issues. The company has had a tumultuous relationship with the CCP, with charismatic founder Jack Ma even being under home arrest for a while. The Chinese government has been moving to curb the power of its tech titans, resulting in a sweeping tech crackdown, which also included other giants like Didi. The announcement was made by the company's CEO, Daniel Zhang, during a press conference held in Hangzhou. According to Zhang, the restructuring is intended to help Alibaba better manage its diverse portfolio of businesses, which includes everything from online marketplaces to cloud computing and digital media. The move was well received by the business community, with Alibaba's US-listed shares rising 14% on the back of the news.

### The six new units will be mostly independent.

In a letter to employees, Zhang said that "the new holding company structure made sense for Alibaba, as the natures of the six new groups are quite different". Under the new structure, each of the six units will be led by a separate CEO and a board of directors, with Zhang himself overseeing the overall direction of the company.

**The units will be organised thus:**

**Taobao TMall Commerce Group** - This unit will manage Alibaba's core e-commerce businesses, the largest in China. It is a key exception to the restructuring and will remain fully owned by Alibaba.

**Cloud Intelligence Group** - This unit will oversee Alibaba's cloud computing, artificial intelligence, and data analytics businesses, kind of like a Chinese AWS. Mr Zhang will also serve as its CEO

**Local Services Group** - responsible for on-demand services such as food delivery

**Global Digital Commerce Group** - This unit will oversee overseas retail businesses.

**Cainiao Smart Logistics** - This unit will be responsible for Alibaba's logistics, supply chain management and delivery services.

**Digital Media & Entertainment Group** - This unit includes the likes of video streaming and entertainment. It includes Youku, one of China's largest video-sharing platforms. The restructuring is expected to be completed by the end of the year, with each unit operating as a separate subsidiary of Alibaba Group Holding Ltd. The move is seen as a bold strategic shift for the company, known for its sprawling and sometimes unwieldy business operations.


### Faster, Nimbler, More Responsive

In a statement released to the press, Zhang said that the restructuring was intended to help Alibaba **"streamline our organisation and better serve our customers and partners, and is designed to unlock shareholder value and foster market competitiveness"** He added that the new structure would allow each unit to **"focus more deeply on their respective areas of expertise, and to move faster and more efficiently to capture opportunities in the market."** The reorganisation will further enable each separate unit to pursue its own fundraising and publicly listed plans. The news has been met with a mixed reaction from many investors, with some expressing concern about the potential costs and disruptions associated with such a major restructuring. However, most had praised the move as a smart strategic play for Alibaba, citing the rationale as being similar to that of Google when it restructured to become Alphabet. The decision to split into six units is a bold move that reflects the company's efforts to adapt to changing market conditions and regulatory pressures. As the company enters this new phase of its evolution, it will be interesting to see how it leverages its core strengths and innovates in new areas to maintain its competitive edge in China's fast-moving tech landscape.



# MIDDLE EAST BOOM GRABS GLOBAL INVESTORS' ATTENTION

Middle East firms' offerings are increasing at a faster pace in contrast to Europe's failing market. According to EY, the IPOs in the Middle East, as well as North Africa gave a record, raising nearly $22 billion which is a 179 percent increase from the year 2021. Presight AI, a data analytics firm based in Abu Dhabi, saw its shares increase on Monday, the first day of trading on the Abu Dhabi Stock exchange, after a $496 million IPO that was 136 times oversubscribed. As the market this year looks promising, it can also be said that the present demand is not distinctive. Adnoc Gas raised $2.5 billion in the Emirate's largest listing two weeks prior and is among the latest in the fast-paced channel of Middle East offerings. The chairman of Citigroup investment banking for Africa and the Middle East, Miguel Azevedo, stated that the region had "come on the radar screen".

> "A lot of people moved here after Covid and there's been a lot of IPOs here, so the world was forced to look at the region, which was attracting attention when the rest of the world was dead,"
>
> -Miguel Azevedo.

Several financial regulatory reforms and a push for privatization amidst a steep increase in gas and oil prices from the pandemic levels amidst political instabilities are some of the driving forces behind the private deals and the IPO frenzy. The oil-dependent economy of Saudi Arabia is being restored under the leadership of Crown Prince Muhammed Bin Salman. Qatar, with the power of hosting the world cup, is expanding its gas exports while the United Arab Emirates is attracting trading hubs in Dubai. An astonishing number of listings are also being launched in Abu Dhabi.

According to Global Private Capital Association, private capital fund managers committed $19.8 billion in more than 185 transactions in the Middle East in 2022. In 2018, for the same, around 600 million dollars were invested. With Aramco's standout deal worth $29 billion in the year 2019, a surge in IPOs began marking record transactions in 2022. The market cap had also increased by 475 percent in the past five years. According to the reports of the Financial Times, there are currently 269 companies, which had increased significantly from the count of 188 in 2017, and additionally, 80 more companies are planning to go public. The National Oil Company in Abu Dhabi has listed a number of assets which again caused a rattle of listings. The efficient and capable handling of the pandemic made Dubai a favorite destination for financial executives and crypto giants who made the best out of an open economy.

Several asset managers and hedge funds and 50 more show their ardent interest in tax-free and favorable trading in the United States and Asia. Dubai launched its own privatization campaign in 2022 and undertook to add 10 state-related companies to the list. Azevedo also stated that the region is in the second phase of listing in which the non-governmental organizations in both Abu Dhabi and Dubai are going public. Several family - owned businesses are also planning to go public this year. In countries like the United Arab Emirates and Saudi Arabia, family-owned businesses make up as much as 90 percent of the private sector, and when companies go public, corporate governance will be enforced and succession arrangements will be made to avoid family disputes. Several **"young fintech firms and tech-enabled companies that have raised money in the private capital market,"** added Azevedo.

UAE's largest stock exchange house chain Al Ansari Financial Services raised US $210 million on Monday as there was a strong demand for its IPO on Dubai Stock Exchange. The recent bank collapses in the US and Europe increase worries about the repetition of global financial crisis, especially at a time when the world except Middle East had a financial crisis.

# THE SHOCKING (YET EXPECTED) REASON BEHIND TWITTER'S API ISSUE IN MARCH

Site reliability - this is perhaps the most critical aspect of a social networking site. The accessibility of a social media website and its proper functionality depends on its reliability. And when it comes to popular social media like Facebook or Twitter, they have to make sure that the sites are working for those billions of users who use their services. Every responsible decision-maker behind every social networking site knows how critical the role of the site reliability engineering team is.

Yet, thanks to the recent spate of layoffs at Twitter, a huge number of engineers have been shown the door. Twitter is left with just 550 engineers. Hence, the once proactive social media company has slowly turned into a reactive one. A fast-shrinking engineering team is the root cause of all the problems at Twitter these days. But Elon Musk is hell-bent on making Twitter leaner even at the cost of service degradation.

However, the recent Twitter outages - including the API outage in March - have more to them than what meets the eye. Let's talk about them one by one.


### What (or Who) Caused the Twitter API Outage in March 2023?

On 6th March, Twitter users woke up to find a new error message when they tried to click on any links posted on Twitter. The message informed the users that the current API plan would not let them access **"this endpoint."** It was reported that images on Twitter stopped loading as well.

### No More Free Access To Twitter API

Judging by the mention of the API plan and the recent development at Twitter, people who are in the know concluded that the outage was the result of shutting down the free API and shifting to a new paid structure.

Elon Musk's Twitter, in February, announced that the free API access to Twitter's data would be replaced by something they termed the **"paid basic tier."** According to Elon Musk, over the years, millions and millions of people have posted on Twitter, expressed their opinions, displayed emotion, and taken part in polls. This huge data is extremely valuable to data science engineers. Above all, this dataset comes directly with the raw emotion and opinions of the users. There is no filter. As datasets, Twitter's data can be a reliable way to create Machine Learning models. There is no shame in monetising anything that can be monetised. However, the problem arises when there are no adequate engineers available to look after the project in a disciplined manner.

According to a report published in The Verge, there was only one site reliability assigned to the project. API is one of the building blocks that expose the backend of an app or an online platform for researchers and data analytics enthusiasts. Any misconfiguration in terms of API accessibility can lead to a site-wide disruption. The reply of Elon Musk on this issue made the matter clearer. He said on the matter, **"A small API change had massive ramifications."** The ramifications really were massive. Not only were the external links not working, people even faced difficulties signing in.

Some users speculated that since the users could not go to external links from WITHIN Twitter itself, it seemed Twitter itself had not subscribed or connected to their own API. Whatever the case, assigning just one site reliability engineer to a critical task like configuring API that would change how Twitter works for 450 million users was an irresponsible move.

### Why Is Twitter So 'Brittle'?

Elon Musk himself has said that the codebase of Twitter is extremely brittle. Any modification to the codebase comes with the risk of making the whole codebase unstable. How did this happen? Elon Musk bought Twitter just recently. Before that, there were enough engineers working at Twitter. Why, then, the Twitter codebase is brittle? For that, you need to understand what a 'technical debt' is.

### Twitter and the Problem of Technical Debt

Modern software engineering or app development, despite becoming agile with all the fancy DevOps tools, still suffer from one thing - to come up with even more features to satisfy users, clients or investors. This is why programmers often take a shortcut while coding.

Software features that should be made by coding in an organised and disciplined way are made hurriedly. This results in those codes being poorly optimised. Such codes work for the time being, but they are just a ticking bomb that would explode in the future as and when newer codes get added, which conflict with those poorly made codes. Just like a debt solves your current problems but sets you up to face potential issues in the future, these poorly constructed codes result in all sorts of conflicts and bugs in the future. This is why the acquiring of such codes is seen as something similar to the acquiring of debt.

Hence the term - **"Technical Debt."** Back in the early 2000s, Twitter was famous for **'Fail Whale'** - an endearing icon that used to appear whenever Twitter suffered from downtime. And the icon would appear quite frequently, making the users frustrated. Gradually, the social media giant solved the issue by 2013 as its IPO date was nearing.

Back then, the site reliability engineers at Twitter were heavily praised for their successful effort in making the social network stable. But as Twitter became popular with investors flocking in, the software engineers at Twitter needed to come up with newer features to keep itself viable for the investors. As a result, workaround codes and poorly tied-up codes crept into the Twitter codebase. Until Elon Musk came, there was a status quo. There were enough engineers to keep Twitter up and running despite the technical debt that it acquired over the years. Now that there are very few engineers left at Twitter, freak incidents like the re-appearing of legacy manual Retweet have started becoming a norm. The codebase of any huge application cannot be sanitised fully, and technical debt can never be avoided. Incidents like the recent Twitter API outage can happen to any service provider in the event of a similar lack of engineers.

### Bottom line:

Issues like the recent API outage show the importance of the role that software engineers play in the background. Even if an application is up and running, it needs constant support from software engineers to make sure that it does not get derailed by bugs or technical debt or, in the case of an API outage, configuration issues. Is Twitter returning to the Fail-Whale era? We just have to wait for a little while to see where it is heading. Till then, best of luck to the remaining engineers at Twitter.

# 476% RISE IN SAUDI CAPITAL MARKET VALUE, OF $2.6 TRILLION, OVER THE COURSE OF 5 YEARS

The Saudi financial market saw a massive surge of 476 percent over the course of five years as it reached a value of SR9.9 trillion ($2.6 trillion), as per the statement of a top official of the Capital Market Authority.

According to CMA's Strategy & International Affairs Deputy, Yazid bin Saleh Al-Damiji, the Saudi financial market ranked ninth among the largest stock exchanges in the world for value at the end of 2022, while also managing to secure fourth place among the G20 countries by the end of the year. He further added that in recent years. The market had seen growth as the number of listed companies grew from 188 firms in the end of 2017 to 269 firms in the end of 2022. The Saudi financial market is being sought out by the authority to develop and elevate it by fine-tuning the regulations and mechanisms that contributed to boosting the performance of several firms as well as sectors.

This led to an increase in the number of initial offerings for public subscription and also the direct listing in the main and parallel market during 2022, making the total number reach 56, which was just 34 in 2021. Al-Damiji went on to explain that the main market saw an increase in foreign investments, which reached historical levels of up to 388 percent, as the value rose from SR71 billion in 2017 to SR347 billion by the end of 2022, and the value of ownership of foreign investors continued to increase as well. One of the main developments that characterises the growing level of maturity relished by the Saudi financial market, is the focus on the fintech sector. The number of fintech permits in the Kingdom jumped to 29, by the end of 2022, showing an increase of 262.5 percent when compared to the total fintech permits back in 2020.

CMA's chairman Mohammed bin Abdullah Elkuwaiz said that Saudi Arabia witnessed rapid growth in the past five years with roughly zero companies to 150 in the fintech sector with a value of SR4 billion, which created more than 2,000 jobs in the Saudi economy.

# INDIA TAKES CLIMATE LEAD WITH 250 GW MORE RENEWABLES BY 2028

India has taken a big stride forward in climate action leadership with a recent announcement of adding 250 GW of new renewable energy capacity by March 2028. Despite missing its target of installing 175 GW of renewable capacity by 2022, the country appears undeterred and has showcased its resolve with this step, as announced in a government memo released on April 3.

The scale of the tenders announced is enormous, with the country's existing renewable energy capacity standing at 169 GW as of February 28, 2023. The government has pledged to support the further development of this capacity through incentives, subsidies, and investments. Although India is the third largest carbon emitter after the USA and China, its per-capita emissions are very low compared to those two behemoths.

The ambitious target was announced in a government memo released on April 3. The tenders will be for a mix of solar, wind, and hybrid power projects, with the aim of achieving India's larger goal of reaching 500 GW of renewable energy capacity by 2030. India aims to cut its emissions by 45% below 2005 levels by 2030, making it one of the only major economies to be on track to meet its Paris Agreement commitments.

### Progress on Renewables Has Been Substantial in Recent Years

India has been taking significant steps towards promoting renewable energy in recent years, with the government setting ambitious targets to increase the share of renewable energy in the country's energy mix, with a target of 500 GW by 2030.

Despite the challenges posed by the COVID-19 pandemic, the Indian government has remained committed to its renewable energy targets, with the country adding over 11 GW of renewable energy capacity in 2021 alone. The government has also been promoting the development of energy storage technologies to support the integration of renewable energy into the grid, as well as hydrogen fuel cell technology.

The country has been investing especially heavily in solar power, with the government launching the Jawaharlal Nehru National Solar Mission in 2010 (later renamed the National Solar Mission), which aimed to reach 100 GW of capacity in solar by 2022. India has one of the most abundant solar resources in the world, with more than 300 days of sunshine in many parts of the country.

### Ambitious Goals Supported by Pragmatic Policy

As part of its push, the government has set up a range of incentives and subsidies to encourage the development of solar energy projects, including a feed-in tariff scheme that provides a guaranteed price for electricity generated from solar projects. The government has also been promoting the development of solar parks, which provide a range of infrastructure and policy support for developing large-scale solar projects.

This push for solar has been quite successful, with the country's solar energy capacity reaching 47.61 GW as of December 2021. The country has been adding significant solar capacity each year, with 11.6 GW added in 2021 alone. The growth in solar capacity has been driven by a range of factors, including the declining cost of solar panels, easy availability of financing, and aforementioned governmental policy support.

In addition to solar, the country has also been focusing on wind power, hydropower, and bioenergy as renewable energy sources. The government has been promoting the development of offshore wind power projects as well, with plans to reach 30 GW offshore wind capacity by 2030. The tenders are expected to attract significant interest from domestic and international developers, potentially creating numerous job opportunities and driving economic growth.

### Gearing Up For the Global Fight Against Climate Change

The government's support for clean energy is expected to significantly impact the country's carbon footprint, with renewable energy sources expected to account for over 50% of the country's installed power capacity by 2030. This move towards renewables is expected to reduce India's dependence on fossil fuels and help the country meet its commitments under the Paris Agreement on climate change.

The Modi administration's decision comes at a time when the world is increasingly moving towards cleaner forms of energy in response to the growing concerns about climate change. The Indian government has clearly recognized the potential of renewable energy, and this move will solidify its position as a global leader in clean energy.

The announcement has been met with wide support from both domestic and international stakeholders, who see it as a critical step towards mitigating the effects of climate change. India has been one of the countries most impacted by global warming, with rising temperatures, erratic rainfall, and frequent natural disasters posing significant challenges to the country's development.

The development of renewable energy in India is expected to have a big impact on the country's carbon footprint, reducing the country's dependence on (mostly imported) fossil fuels and promoting sustainable development, as well as creating significant job opportunities and driving sustainable economic growth. As the world grapples with the challenges posed by climate change, India's ambitious climate targets are serving as a model for other countries to follow.


# CREDIT SUISSE'S DOWNFALL LEAVES SAUDI INVESTORS REELING

Credit Suisse's rescue merger with the UBS Group AG has sent shockwaves through the Arabian Gulf region, particularly Saudi Arabia, where state-backed Saudi National Bank suffered a $1.5 billion loss. This investment was made on Saudi Crown Prince Mohammed bin Salman's orders last year and has raised concerns among analysts, who warned of the risks involved. The Arabian Gulf has also suffered some of the biggest losses compared to the other victims of the meltdown of two US banks. The breakdown of Credit Suisse resulted in billions of dollars in investments made by the Saudi-based Olayan family, Qatar's sovereign fund, and various other individuals from the Middle East region.

Credit Suisse also gave the Gulf countries nostalgia for their burnt pocket holes due to their haphazard investments in Western banks, asset management companies, hedge funds, etc., during the financial crisis back in 2007 & 2008. The New York-based Council on Foreign Relations published a report back in 2009 that apart from the personal investments of the ruling families, the Gulf Cooperation Council (GCC) nations took a beating of $100 billion on their $1.3 trillion portfolio holdings.

## The Credit Suisse Investment

The $1.5 billion investment in Credit Suisse was a significant diversification move aimed at reducing the country's dependence on oil. This deal made headlines as the first step of Saudi Arabia into the global banking area, strengthening its foothold as an oil-fueled investing mammoth. Critics suspect the kingdom was shifting its windfall profits from the inflated oil prices due to the Russia-Ukraine conflict. Michael Klein, an ex-Citigroup Inc. banker who has handled Middle East clients, was the one who closed a meeting between the $600 billion Public Investment Fund (PIF) and Credit Suisse last year. It was well timed for the kingdom as the cash-strapped global bank was looking for funds to fuel its plans to foray from investment banking to wealth management. Klein happens to be overhauled as a board member from Credit Suisse.

Sources reported that the state-backed Saudi National Bank, the largest bank in Saudi Arabia, and the global banker, Credit Suisse, were connected by PIF. Later on, a go-ahead was received from Prince Mohammed bin Salman for the Saudi bank to move forward with the Credit Suisse investment deal. This investment made Saudi National Bank the largest shareholder with slightly less than 10 per cent in Credit Suisse.

This deal went through despite the concerns raised by a few Saudi fund officials questioning the bank's legal and profitability issues; they had suspected earlier that the bank might face huge losses in the future. Ammar al-Khudairy, Chairman of Saudi National Bank, told The Wall Street Journal that although there is chatter about bank scandals, administrative reshuffling, dangling investor confidence, and massive losses, the deal was valuable in the eyes of Saudi Arabia. The Saudi Kingdom was using this lending sector to move towards independence from its crude revenue when the whole world was shifting towards green energy.

Mr. Khudairy further added about Credit Suisse that the Saudi market is like a 700-pound gorilla economically in the region. The economic ties with Saudi Arabia will be fruitful for all the parties.

## The Gulf & Credit Suisse Saga

Credit Suisse has appeared to be a luring investment opportunity to the Gulf nations. Back in the market mayhem of 2008, Saudi's neighbourhood rival Qatar, a natural gas-fueled ultra-rich nation, started buying up Credit Suisse shares at steep discounts together with a group of private investors. They fueled billions of dollars during the bloodbath after the Lehman Brothers crisis, amassing a $3 billion stake in the bank.

In 2011, the Olayan family and Qatar invested fresh $6.2 billion into the bank through a different kind of debt. Qatar converted the debt investments worth more than $4.5 billion into bonds called Additional Tier 1 capital notes. It is not verified that Qatar still holds those bonds. This might be another round of losses because the AT1 bonds will be completely written off the books as per the Credit Suisse merger with UBS.

## Saudi National Bank's Current Stance

Mr Khudairy has stated that the Saudi bank will not provide any further monetary assistance to Credit Suisse. He has also clarified that Saudi National Bank has a 9.99 per cent stake in the bank, and it is well within the bank's exposure limits.

According to individuals closely connected to the matter, officials from Saudi National Bank felt excluded after learning about talks with UBS solely through the media. The Wall Street Journal reported that a Saudi National Bank, along with a group of investors, proposed investing around $5 billion into Credit Suisse. The bondholders were being given full compensation for their investments here, but the Swiss authorities denied accepting the offer.

# UAE AND COSTA RICA INITIATE PRELIMINARY CEPA NEGOTIATIONS

UAE Minister of State for Foreign Trade, Dr. Thani bin Ahmed Al Zeyoudi and Minister of Foreign Trade of Costa Rica, Manuel Tovar Rivera signed a joint statement marking the initiation of preliminary talks to organize a comprehensive economic partnership agreement (CEPA) between the two countries. The signing took place in the Ministry of Economy's headquarters in Dubai during the visit of a high-level Costa Rican delegation.

Talking about the agreement, Al Zeyoudi said that they had laid foundations for building a significant and influential platform to future-proof UAE-Costa Rica economic and trade relations. He further said that the agreement will help in establishing a new age of trade and investment in various field, thereby supporting the sustainable economic development of both UAE and Costa Rica, while benefitting regional and global economies. The UAE has investments in Costa Rica that span sectors like tourism, retail, advertising, media, IT, renewable energy, air transport, real estate and logistics.

Al Zeyoudi added that the initiation of the preliminary CEPA negotiations showcases the two governments' shared aspirations to promote bilateral economic relations, boost investment and trade exchanges, expedite the flow of goods, create new joint investments and projects in priority sectors and facilitate market access. Non-oil trade between UAE and Costa Rica reached AED 216 million (USD 58.7 million) in 2022 with a 19 percent growth compared to that of 2021, Al Zeyoudi added.

Rivera's statement on the agreement was that Costa Rica was on its way to pursue an ambitious agenda to expand and diversify its global trade and investment partnerships, and the establishment of a CEPA agreement with the UAE will be the beginning of a new age of mutually beneficial relations. This will also be Costa Rica's first free trade agreement with a country in the Middle East.

UAE launched the comprehensive economic partnerships program in September 2021 with an aim of expanding trade and investment partnerships with a vast number of strategic global markets, increasing the size of trade exchanges, and enhancing growth opportunities for national exports.

The UAE has signed four agreements so far through this program with – India, Israel, Indonesia, and Turkey, and there will be signing of more agreements with other countries. The UAE's non-oil foreign trade saw unprecedented growth and crossed the Dh2 trillion mark for the first time in history in 2022, up 17 percent from 2021, due to the comprehensive economic partnerships program.


**What is the most challenging aspect of providing non-clinical healthcare support, especially during the Covid-19 pandemic?**

1. Meeting the expectations of stakeholders and customers in service delivery with constraints in logistics, scarcity of resources and changing government guidelines.

2. Balancing our continued, uninterrupted services in healthcare facilities management has been integral in ensuring the hospital facilities can both efficiently and safely operate while ensuring our employees' safety and well-being are prioritized at all times.

**How did the customers respond and reach out to UEM Edgenta during the pandemic?**

1. UEM Edgenta is committed to upholding high standards of trust, especially during trying times.
2. Adapting to customer experience during COVID-19 was key to building trust. From UEM Edgenta's management to ground staff at the hospitals, we were focused on being accessible to customers, and provided constant engagement to reassure transparent communication on challenges and instilled speed-to-respond and care in everything we do.
3. We know very well that the hospitals, healthcare workers and patients can depend on us to ensure uninterrupted operations in safe facilities.
4. We have also taken a proactive role in supporting the government to fight the COVID-19 crisis as well as reopening the economy safely through clinical initiatives such as COVID-19 PCR screening, vaccination centres, e-bracelet tracking for patients and travellers, supplying hybrid cabins for ICU and isolation room and Clinic Preparedness and Responses (CPRC) systems.

**How have you adapted your services to meet the changing needs of the healthcare industry?**

1. The key role of the management in healthcare facilities is to ensure business operations continuity, safety and compliance at the hospitals.
2. With the pandemic, our role had to quickly adapt to become compliant with the changing guidelines and set ourselves against even higher standards in our services being in the high-risk red zone of hospitals.
3. Increased sanitization, safety and security measures, new technologies and digitalization in our day-to-day services were implemented.


4. Closing the gaps between the government needs and service availability through constant communication with data-driven or evidence-based decisions.

**Will sustainability become a part of this industry in the near future? If yes, how?**

1. Yes. Sustainability in healthcare is already gaining momentum because of escalating costs and scarcity of resources. Although introducing sustainable energy and environmental practices is an uphill task, it is imminent. The opportunities are immense, from building design to materials used, air filtration, energy management and staffing, which contribute to the sustainability equation.
2. The healthcare industries need to address the cost escalation issue. Introducing new and better costing for financial sustainability of healthcare services.
3. Service delivery is a concern, whereby there are still underserved populations that require attention. Using technology as an enabler is one of the methods.

**What innovations can we expect from UEM Edgenta in 2023?**

Asseto for Health is a Facility Management and Asset Management system of action that enables easy and efficient management of asset maintenance, lifecycle management and agent management, driving compliance within a hospital and promoting operational excellence within facility management operations. It is a cloud-based solution that boasts high interoperability through streamlining data exchanges from 3rd party systems, IoT sensors, Building Management Software and even Energy & Metering related data. In 2023, we are expanding the downstream capabilities within our sustainability vertical - automating the calculation of a facility's carbon footprint from a Scope 1 and Scope 2 perspective.

**What have been the biggest lessons you have learned as a non-clinical healthcare support provider?**

The ability to balance service cost containment with supporting healthcare facilities is one of the main challenges we have faced and continue to confront in our capacity as non-clinical healthcare support providers.

We have always been dedicated to helping the government to provide the general population with better healthcare through our support services.

UEM Edgenta has continued to provide assistance using our strengths in difficult circumstances like the covid outbreak, where there was a great deal of uncertainty, placing the national agenda ahead of our own.

# KING CHARLES III CORONATED AT WESTMINSTER ABBEY AS BRITAIN BEGINS A NEW ERA

The coronation of King Charles III, along with his wife, Queen Camilla, took place on the 6th of May, marking the end of an era in British history and the beginning of a new one. The coronation was notable- both for its nod to modern viewpoints and continuity with British history and tradition. Naturally, it has generated significant applause, celebrations as well as controversy. The coronation ceremony marked the end of a long era, which saw radical transformations to British society, and the start of a new one, as Britain dealt with a changing world.

**The ceremony blended modern conventions with ancient tradition.**

The ceremony for the coronation of King Charles III was much simpler, shorter and less expensive than previous coronations, following both the personal wishes of the monarch and the changing mores of British society.

However, the ceremony was ultimately kept in line with British tradition and ceremonies, and according to many, represented the unbroken line of British kingly tradition dating back to medieval times.

The ceremony involved a royal procession from Buckingham Palace (the official home of the royal family) to Westminster Abbey, where the coronation took place.

King Charles was presented to the people and proclaimed as monarch, after which he took the coronation oath and was anointed with the holy oils and the regalia of the British monarchy, including the Crown of St. Edward, the royal sceptres and the orb.

This was followed by oaths of allegiance from representatives of the church and aristocracy, as well as the co-coronation of Queen Camilla.

The ceremony ended with a royal procession back to Buckingham Palace. Although the ceremony was done under traditional Protestant norms, there was significant interfaith representation, as representatives of the Jewish, Hindu, Buddhist, Sikh, Muslim and Catholic faiths were present.

The guest list also included several other notables and aristocrats, as well as representatives from most of the world's other countries.

The coronation was also marked by celebrations and public holidays in the other Commonwealth realms worldwide, such as Australia, Canada, New Zealand, and the Caribbeans.

The ceremony was a ratings' hit, with a peak of more than 20 million viewers in the United Kingdom and significant viewership of almost 40 million people from foreign countries, such as Australia, Canada, the United States, France, and Germany.

## Looking back on the Elizabethan Era

The coronation of King Charles III brought a definitive end to the Elizabethan era, which started all the way back in 1952. The Elizabethan Era saw profound changes in British society, including some of the most memorable moments of the past seven decades.

Social movements such as the 60's counterculture and decolonisation were further compounded by economic and military transformations.

The Cold War, the collapse of the USSR and the subsequent formation of the European Union meant that the world outside Britain was starkly different from the days before Elizabeth's ascension.

Margaret Thatcher dismantled the welfare state and began the era of neoliberalism. The handover of Hong Kong marked the end of the empire, but other military conflicts such as the Troubles, Falklands War and the War on Terror marked equally profound transformations to British society.

More recently, Brexit and the pandemic have highlighted just how different British society is compared to the Britain of the '40s.

## Future of the British Monarchy

The Coronation of King Charles also brings back into public debate the question of the future of the British monarchy, with support among British citizens for a republican form of government at an all-time high.

The coronation saw protests by republican groups in Trafalgar Square, as well as other locations throughout the United Kingdom against the British monarchy, with some arrests being made. These happenings bring to light the growing opposition to the monarchy within Britain.

The monarchy's wealth and financial privileges have especially alienated the youth. Polls have shown that support for the monarchy is at an all-time low among the younger generations, with one poll showing only 32% of young Britons in support of the monarchy, another 38% strongly opposed, and the remaining 30% undecided.

There has also been controversy over the relationship between the monarchy and Britain's imperialist history, with several ex-colonies calling for colonial reparations.

With British and Commonwealth society undergoing rapid changes such as Brexit, possible Scottish and North Irish secession, a rapidly de-globalising world, and renewed security concerns, further changes are expected to be made to the British monarchy system under King Charles' reign.

# WHY AMAZON AND OTHER RETAILERS ARE TIGHTENING THEIR LEASH ON FREE SHIPPING : A STATISTICAL ANALYSIS

Last month, Reuters published a news article on how Amazon and other retailers are trying to make people buy more for free shipping. During the golden days of Amazon Prime, a Prime subscriber enjoyed not just same-day shipping but also free delivery. We have now arrived at the end of those golden days.

The e-commerce giant now allows Prime members to enjoy free shipping only if they purchase more than $25 worth of products. Funnily, even non-Prime members enjoy the same benefits if they spend the same amount of money on Amazon. So what is prompting Amazon and other E-tailers to tighten their leash on free shipping policies? Let's find out.

## Types of Shipping Fees

Before delving deeper, it is necessary to be clear that there are at least three types of shipping fees- First, there is the standard shipping fee that applies uniformly and does not take into account the total value of the products bought.

Secondly, there is the threshold-based shipping fee system that allows customers to enjoy free shipping if they buy products worth equal to or more than a certain amount of money. And then, there is the free shipping policy offered under a subscription plan like Amazon's Prime subscription.

Other than these, Amazon has now come up with a reduced (but not zero) shipping fee system for Prime customers who buy products having a total value of less than $25.

## The Lower the Shipping Fee Threshold, the Lower the Purchase Quantity

In their research paper titled- Free Shipping and Repeat Buying on the Internet: Theory and Evidence, researchers Yinghui Yang, Skander Essegaier and David R. Bell presented a data-driven insight into what happens when the threshold for shipping fee is decreased. The researchers presented the Amazon sales data - that they sourced from comScore - pertaining to the period between July 1 2002, to August 24 2002.

During that period, Amazon imposed a shipping fee threshold of $49. Orders above $49 were qualified for free shipping. During this period, customers purchased an average of 3.31 products as part of a single order.

The researchers further presented Amazon sales data between August 25 2002, to October 18 2002. During this period, the threshold for free shipping was $25. Interestingly during this period, the number of products customers bought on average as part of a single order was 2.53.


As you can see, scientific evidence supports the fact that the lower the threshold for free shipping, the fewer items are bought per order.

Hence, it is not a simple case of rising logistics costs that have made Amazon levy a shipping fee threshold on Prime customers.

We already have the news that Amazon's e-commerce sales in the fourth quarter of 2022 decreased by 2%.

With an impending threat of recession, the e-commerce giant will do everything in its strategy book to keep sales from falling steeply. It is important to note that in 2022 Amazon already hiked the price of its Amazon Prime subscription from $119 to $139. Despite this hike, Amazon imposed the rule of the minimum purchase value of $25.

## The Rise in Shipping Cost Has Been Steep

Now, from a practical point of view as well, Amazon has been forced to tighten its leash on free shipping policies because the rise in shipping cost incurred by Amazon has not been incremental in nature - the upward curve is quite steep.

Daniela Coppola of Statista recently posted a line graph that depicts the rise of the shipping cost incurred by Amazon year on year.

The increase took place on a predictable and balanced basis from 2011 to 2015. In 2011, Amazon had to shell out 3.99 billion US dollars as shipping costs. And in 2015, it spent 11.5 billion USD.

The rate of increase is quite justifiable - an increase of 7.51 billion USD. However, from 2015 onwards, the shipping cost started increasing almost exponentially.

While in 2015, the spend stood at 11.5 billion USD; in 2019, it rose to $37.9 billion - a whopping $26.4 billion increase. In 2022, Amazon's shipping cost touched 83.5 billion USD.

## Why Don't E-tailers Use All-Inclusive Pricing? Why Do They Resort to Partioned Pricing?

If the increase in shipping fee makes e-tailers so uncomfortable, why don't they hide the shipping fee by taking an all-inclusive pricing approach?

Why don't they add the shipping fee to the cost of the products bought?

This is a valid question. And once again, we have to take the help of statistics. Most academic researchers believe that in the case of partitioned pricing, consumers look at the base price of the products first.

Since nothing is added to the base price in the case of partitioned pricing, the price of the product appears affordable to consumers. Researchers also suggest that partitioned pricing results in the inclusion of more complexity around consumers' ability to make sense of the price.

The same sentiment is shared by US regulators like the Federal Trade Commission or Consumer Financial Protection Bureau that term partitioned pricing is deceptive.

Regardless of whether partitioned pricing is deceptive or not, it is quite clear that such a pricing structure leads to more consumer purchases.

Hence even though e-commerce giants like Amazon are getting increasingly uncomfortable as they are forced to increase shipping fees - in some form or other - they don't want to do away with partitioned pricing.

## Conclusion

E-tailers like Amazon promoted free shipping policies as part of their marketing strategy. But now they are trapped. However, the problem is that Amazon could offset the losses it incurred because of its free shipping strategies by using parts of the huge profits that it earns from the AWS business in the e-commerce business.

Other e-tailers that were forced to follow the same free shipping strategies to compete with Amazon are now happy with the development.

As Amazon is tightening its leash on free shipping, small e-tailers like Einstein Pets, which have kept on charging a delivery fee, can now have a level playing field. One's trouble can be another's opportunity!

# AS UKRAINE EMBARKS ON REFORMS, THE IMF STEPS FORWARD WITH A US$115 BILLION LOAN

The fourteenth month of the ongoing Russian aggression on Ukraine has left Ukraine in a state of irrevocable wreckage. The economic and social conditions continue to degrade, leaving the country utterly crushed with fear rampaging among the inhabitants. The International Monetary Fund (IMF)


has thus, on March 31st, 2023, approved a 4-year fund arrangement of US$15.6 billion under the Extended Fund Facility (EFF), at the request of Ukrainian authorities, to help aid Kyiv financially during the current crisis. This sanction is part of an elaborate US $115 billion international support package to help Ukraine meet its funding needs. The decision of the Executive Board of the IMF allows immediate disbursement of US$2.7 billion toward Ukraine.

## Why might the sanction just cushion the invasive blow to the economy?

A devastating humanitarian toll has been inflicted by the invasion, one that is beyond numbers. The economic sanctity is near-razed. Eastern and Southern Ukraine faced active combat, whilst heavy attacks on the critical energy infrastructure had serious effects over the winter months. Economic activity is reported to have contracted by 30% in 2022, the capital stock reserve is near replenished, and poverty is on the rise. Ukrainian authorities are leaving no stone unturned to maintain a certain degree of overall macroeconomic and financial stability using their skilful policymaking and external help from The prime minister of Ukraine, Denys Shmyhal, believes that the funding would help the country "finance all (its) critical expenditure and ensure macroeconomic stability and strengthen our interaction with other international partners". Ukraine seems to be building itself back, with predictions for improved recovery in the coming quarters. The GDP of the nation has experienced a minuscule growth from -3% to 1%. The IMF's program sheltering the funding policy in this continued uncertainty is expected to restore debt sustainability and lead Ukraine to EU accession during the post-war transition period amidst other structural reforms.

## Has the IMF ever lent to a country in active conflict?

The elaborate 4-year Extended Fund Facility (EFF) arrangement is the first major financing programme that has been approved by the executive board of the IMF for a country actively involved in a "large-scale" war. IMF's changes in its Financing Assurances authorise IMF to support countries during highly uncertain situations to maintain their balance of payment issues and restore external viabilities. Before this, the IMF provided financial assistance post-conflict.

## What entails the 48-month program directed towards Ukraine?

### A Summary:

The constructed aim for the program is to accelerate economic recovery with the support of policies that initially sustain fiscal, financial, external, and price stability, then further into comprehensive reforms for macroeconomic aid. The financing is supported by external donors, including the G7 countries and the European Union.

### Phases of the program

The program for 2023-27 comprises two phases. The first phase of an approximate 12-18 month window is directed towards securing macroeconomic and financial stability, simple financing, and establishing policies required for recovery and reconstruction.

### It aims to strengthen overall economic stability by:

1. Elimination of monetary financing and establishing net positive financing from debt markets existing in the country
2. Reinforcing revenue mobilisation
3. Considering in-depth assessment of the banking sector and promoting the central bank's independence to bring about long-term financial stability.
4. Formulating new measures to keep tax erosion in check.

The inception of the second phase happens once active combat subdues. The focus of this stage would be on macroeconomic policymaking, expansion of structural reforms, growth with sustainability, and EU accession of Ukraine. Ukraine is expected to return to re-war policy frameworks that include flexible exchange rates and inflation control. Strategies would be formulated to strengthen public finance management. The introduction of public investment management reforms is also in the books to support the post-war revival.

### Elements backed by the EFF program Fiscal Policy

Fiscal policies focus on ensuring sufficient resources are available for priority spending. Policies should help maintain a strong tax base for debt preservation and sustainability. Authorities must steer clear of measures that can wear down tax revenue. To help in early reconstruction and social spending requirements, revenue mobilisation is needed through a formalised national revenue system. The authorities will also restore the medium-term budget framework to boost credibility. They will take the necessary steps to increase fiscal transparency and risk management.

### Debt Sustainability and Financing Strategy

Analysis of external commercial and official debt, along with continued external financing on concession, can help restore debt sustainability. For official debt, the Group of Creditors (GCU) has set up a two-phase process for debt treatment. Debts that are set to mature in end-December 2023 can opt for a current debt standstill, followed by a final treatment before the expiry of EFF arrangement. These steps will help authorities meet financing needs stretched over the program.

### Monetary and Exchange Rate Policies

Maintaining sufficient forex reserve is important to regulate inflation and stabilise exchange rate fluctuations while also balancing wartime liquidity surplus. Authorities shall seek flexibility in exchange rates and relax FX measures as soon as the war conditions are subdued.

### Governance & Growth

Ukraine is looking forward to gaining its EU membership and improving governance; mitigating corruption risks is highly critical at this point. The energy sector needs a dose of active competition to improve the market mechanisms and lower the existing quasi-fiscal risks.

### Financial Sector

Preservation of the financial sector is key for recovery post-war. Contingency planning, assessment of non-performing assets and banks under turmoil and bank diagnostics are required to bring around stability.

### Does Ukraine need greater financing than what is offered in the EFF program?

The 48-month extended arrangement under EFF is a part of the $115 billion support package over the period, the sum comprising sizable grants, debt reliefs, and concessional loans.The needs of the country are substantial, and various international partners are helping put Ukraine back to financial viability and economic independence. According to IMF estimates, Ukraine has a financial gap of US$42 billion that is bridged by grants and loans from the US, the European Commission, and other international donors.

# DE-DOLLARISATION: REALISTIC OR JUST ANOTHER EMPTY BUZZWORD?

While the US Dollar has served as the global reserve currency for the past seventy years, recent events have cast a pallor over its reliability. The massive sanctions on Russia, whether justified or not, have made many countries realise just how dependent they are on American goodwill, and there has been increasing talk of de-dollarisation as countries look to reduce their vulnerability to sanctions.

Most observers agree that there has been a significant eroding of trust in the dollar as the global reserve currency in recent years. To understand this, we need to look at what the three basic functions of any currency are -

**Store of Value** - The US dollar is the safe haven currency, where everybody parks their wealth in times of turmoil. However, as the recent Russian asset freezes have shown, the dollar is not so safe a haven anymore. Sure, most banks, individuals and businesses still trust it, but the absolute ironclad trust that existed before is gone. Many central banks have started to diversify their assets.

**Medium of Exchange** - The US dollar is used as the de facto currency for almost every international transaction. However, the recent sanctions on Russia have shown that the dollar cannot always be trusted for transactions, especially essential ones like food or energy. Many countries have already begun trading in local currencies, for example, China & Russia.

**Unit of Account** - While the dollar is still the currency in which all global commodities, services and assets are demarcated and in which almost all global economic data is analysed, one must keep in mind that this is mostly because of its wide acceptance and stability. Anything which diminishes the dollar as a store of value or medium of exchange will also diminish its usefulness as a unit of account.

**Is there any alternative that could eclipse the dollar?**

However, de-dollarisation hinges on there being some sort of globally accepted alternative, and this is where predictions of de-dollarisation start coming apart.

Despite much buzz about the Chinese renminbi, Euro, Bitcoin or even gold becoming the new reserve currency, the truth is that each of these lacks one or more of the attributes of a reserve currency. Any currency that aims to replace the dollar as the global reserve currency must have all the following characteristics

**Size** - A reserve currency should have a sufficient volume in circulation to lubricate international trade and investment. To back this volume up, the issuer must have a large enough internal economy that international transactions don't significantly destabilise domestic prices. These criteria by themselves rule out gold (or some other commodity) and almost all other currencies. Only the USA, EU and China have large enough economies to be considered, and the USA is the largest of the three.

**Liquidity** - By definition, it should be easy to buy and sell the prospective currency at any time and place without capital controls or such restrictions. While the US and the EU have restricted their liquidity through sanctions, the dollar and euro are still much more convertible than the renminbi, which is subject to onerous capital controls and regulations from the Chinese government.

**Trust** - Most importantly, any reserve currency must be trusted to maintain its value and acceptability despite wars, recessions or other disruptions. Faith in the dollar is not just about the currency but also faith in the ability of the USA to intervene in any part of the world to uphold the global system, particularly with respect to the availability of essential commodities, security of shipping lanes and last-resort lending. No one else has this ability. Put all these together, and the absence of any competitor to the dollar becomes stark. The euro is the closest competitor, but the debt crisis, sanctions on Russia and internal squabbling have led to it being much diminished since 2008. The renminbi is too manipulated and has too many capital controls. Every other country is too small, there is not enough gold on the planet, and Bitcoin is too volatile and lacks central authority (at least at present). For now, the dollar is safe from any competition.

**Conclusion: The dollar is diminished but here to stay**

Summing up all the above-stated factors, it seems unlikely that the dollar will be replaced wholesale as the world's reserve currency. It is too deeply embedded in the global trade, finance and analytical systems for a single competitor to challenge it. The USA still has the most widespread political and economic network on the planet, and all potential rivals lack either heft, convertibility or trust.

However, what we might see in the near future is a gradual diversification. Instead of a majority of assets being demarcated in dollars, there might be more branching out, with a larger proportion being held in commodities like gold or energy, as well as currencies of major trading partners. Some international trade will likely go bilateral, especially for essentials like oil, grain or metal. This phenomenon will be stronger in countries that are not as friendly to the USA and weaker in American allies. Countries such as China, Russia, Iran, and Venezuela will drift further away from the dollar's orbit from fear of sanctions, and almost all countries will attempt to reduce their exposure - but the majority of trade and investment will still be in greenbacks.

The dollar may have reduced in importance, but it's not going anywhere anytime soon.



# RUSSIAN CRUDE OUTPUT CUTS EXTENDED UNTIL JUNE

The Russian Deputy Prime Minister, Alexander Novak, recently announced that Russia would maintain a 500,000 barrels a day production cut till the end of June.

*"At the moment, Russia is close to achieving the target level of reduction — it will be completed in the coming days. In accordance with the current market situation, the decision to voluntarily reduce production by the amount of 500,000 barrels per day (bpd) will be valid until June 2023 inclusive,"*

he announced in his speech.

Oil prices had previously fallen to a 15-month nadir on the backs of fears about a global economic slowdown, a banking crisis in the West, and interest rate hikes from the Fed, but quickly bounced up $74 a barrel for Brent after this news. This move by Russia is unilateral and is in addition to another agreement announced by OPEC+ in October to cut output by 2 million barrels a day until the end of 2023. This would bring Russian production down to 95 million barrels a day, a 5% cut.

**Will This Move Counter the Effects of Western Sanctions?**

In his speech, Novak pointed out that the global oil market was under historically unprecedented pressure, citing Western energy embargoes and price caps on Russian oil and growing concern over climate change. He had earlier announced this production cut in February, and while there were hopes that the cuts would be lifted soon, it seems this is not to be.

He also added that Russia would not accept any restrictions by foreign entities that posed risks to global energy security. The production cut had originally come as a response to the price cap on Russian oil imposed by Western powers. A ceiling of $60 per barrel had been imposed in an effort to starve the Russian war budget, and in retaliation, Russia had cut production to push global prices up. However, many countries, such as China and India, declined to go along with the price cap. According to the International Energy Agency, Russian revenues from oil exports have sunk to almost half of what it was last February, which many have cited as proof of the efficacy of the sanctions regime.

Western nations have been playing a delicate balancing act with the Russian energy export market. The West, especially Europe, has multiple reasons for wanting to keep energy prices low. Firstly, high energy prices bolster Russian revenues and increase the funds available to wage war in Ukraine. Secondly, high energy prices hurt the European economies disproportionately, as most European countries are dependent on energy imports. Most significant of these is Germany, whose reliance on Russian natural gas imports has become one of the world's most volatile strategic flashpoints.

**Relevance of OPEC+**

This news, coming soon after similar announcements by Kuwait, Saudi Arabia, Iraq, Oman, and the UAE, highlights the new importance OPEC+ has attained since the start of the war and the sanctions regime.

Despite fervent Western efforts to keep oil prices low, it seems that OPEC+ is still the ultimate arbiter of energy prices.

OPEC (Organization of the Petroleum Exporting Countries) is a collective of oil-exporting countries founded in 1960, which together account for 44% of oil production and 81% of proven global reserves. It includes countries like Saudi Arabia, Iran, Kuwait, Venezuela, Iraq, and Libya. In 2016, an agreement to include non-OPEC members like Mexico, Russia, and the UAE in the group's decision-making created the OPEC+

The main objective of OPEC+ is to adjust the member's oil production levels to regulate global supply and demand and, therefore, prices. Their primary mechanism for achieving this is pre-negotiated production quotas for each member. Each member cannot produce more than their agreed-upon quota (at least theoretically). This has made the group the most powerful cartel in the world, and they regularly exercise their collective monopoly power to suit the diplomatic and strategic needs of their member states.

However, on the other hand, the group has also often successfully worked to stabilise the global energy market in times of turmoil, reducing production during periods of oversupply and ramping up levels during times of shortage. It remains to be seen how this output cut will affect an already troubled global economy and whether it will counteract the sanctions regime in place. If successful, it would provide Russia with new funds to wage war and render moot any attempts for peace.

# MENA FLAUNTS AS A HOTBED FOR E-COMMERCE, MARKET SIZE TO SURPASS $57 BILLION BY 2026

The game is on for the e-commerce sector in the Middle East and North Africa as it reinvents the consumer purchase path and creates growth opportunities for retailers- large and small. E-commerce in the MENA region is entering a pivotal phase, building on the momentum of the past years.

With the region continuing its dynamism, the market size has been predicted to reach $57 billion by 2026, with a Compounding Annual Growth Rate (CAGR) of 11% over 2022-2026.

The market prediction was brought forward in the third edition of *"E-Commerce Report in the MENA region,"* a study conducted by EZDubai, the sole e-commerce zone in South Dubai with close collaboration with the leading provider for global business intelligence, consumer insights and market research, Euromonitor International.


## The double-digit proliferation of the e-commerce market

The market growth attributable to e-commerce saw a significant double-digit growth of 16% between 2021 and 2022. The market size for 2021 was estimated at $31.7 billion, while the total market size reached $37 billion in 2022. The zone experienced a 32% CAGR hike from 2018 to 2022. This boost in growth is contributed by the full-blown use of the Internet with the adoption of trends, including the use of digital platforms for payments and online shopping.

A key advantage has also come from the expansion of technology sector initiatives. The governments of the Mena region have also contributed significantly to the market's growth. Well-developed infrastructural facilities and policies pushing consumers to digitise have provided the perfect environment for thriving e-commerce. Economic stability and investments made in technological fields have given a strong nudge to the region's digital landscape.



## Demographic exploration of the e-commerce drive

Consumers are adopting the e-commerce route at an unprecedented rate. Digital payments and e-commerce complement each other in this journey.

The MENA region is slowly catching up to giant e-commerce economies like China. Online retailers have amped up their services to avoid supply chain issues caused by geopolitics and macroeconomic challenges.

Saudi Arabia, UAE and Israel jointly hold 72% of the total e-commerce market in the region owing to their technologically advanced population and hefty government finances.

The e-commerce market in UAE is predicted to reach a valuation of $9.2 billion by 2026, a massive increase of 96% when compared to 2021.

UAE is currently using **"dark stores,"** a physical location likely to a warehouse, to help streamline inventory management and quicken delivery. The country is on track to build the highest technologically driven warehouse in Abu Dhabi.

The Emirates has developed into a global e-commerce hub, with businesses making their way into the country. Amazon, the largest e-commerce player worldwide, has recently opened a new centre in South Dubai.

The capacity has now been upped by 70% in the UAE. Saudi Arabia is cashing its population and technological advancements to boost its e-commerce performance.

The government has undertaken initiatives to empower small and medium enterprises to boost e-commerce. Israel is experiencing innovations, and the hike in demand for speedy delivery services is working in favour of its e-commerce space.

The projected data for e-commerce revenue in Saudi Arabia, UAE and Israel is $11.98 billion, $11.78 billion and $7.55 billion, respectively.

Although the bigshot countries like UAE, Israel and Saudi Arabia are expected to remain market leaders in the e-commerce sector, countries like Algeria are to experience strong growth.

## Why is the MENA region all hot and heavy on e-commerce?

The MENA region, with a population of around half a billion, is statistically one of the most exciting markets for e-commerce businesses to enter.

Few of the world's leading online retailers have made their way into the market and reported a boom in their profits and operations. A few sure-fire reasons are fueling the growth of the e-commerce market sector in MENA:

### 1. Astronomical Internet Penetration

The entire MENA region is currently 'online,' and the internet penetration is massive. As of January 2023, Saudi Arabia has an internet penetration of 99%, a massive rise from just 2.21% in the year 2000.

UAE also has a 99% internet penetration. Bahrain has a 100% rate which is fairly larger than Paris and France. 62.9% of Algeria's population is on the Internet. Even though these numbers just represent the penetration rate of a few countries, it is safe to say that the entire region is all over the Internet.

### 2. Massive purchasing power

It is not news that the Middle East and Gulf countries have the highest per capita spending in the world.

Most countries have very high per capita income and, thereby, the highest per capita spending on luxury products. With target commodities such as clothing, accessories, and footwear closely followed by electronics, the Middle East has the second-most spending coming from online shoppers.

### 3. Cashless Revolution

Since the Covid-19 pandemic, most economies have taken to the cashless route, avoiding cash transfers amongst physical hands. Online shoppers are opting for contact-free delivery and cashless payments.

A 20%-30% hike has been noticed in retail e-commerce spending due to the pandemic.

### 4. Social media usage

The MENA region has 63 million people on Instagram, accounting for about 10% of worldwide users, closely followed by Youtube. The Middle East is bubbling with influencers, a phenomenon driving the use of e-commerce among people.

### 5. Advancement in Logistics

Logistic companies are now using machine learning that alters descriptive addresses into geocoded locations. 90% of these descriptive addresses have been turned into codes in the UAE and 80% in Saudi Arabia. This makes location tracking and delivery systems easier.

## Ringing down the curtain..

The consumer advancement towards retail e-commerce is noteworthy in the MENA region. Innovative startups and promotional campaigns are zooming in on the region, which could drive up competition in the short- to medium-term.

It is certain that the regional economy will thrive in the years ahead, attracting e-commerce market giants to the region and thereby powering online retail to go the extra mile.

# G7 LEADERS MEET IN JAPAN, TIGHTEN SANCTIONS ON RUSSIA

The leaders of the G7 countries have released a joint statement pledging to further tighten the sanctions regime on Russia. This ups the ante on what is already the most intense sanctions package on any major economy and has been interpreted as a message of both the G7's commitment to presenting a united front against disruptive powers and the ineffectiveness of the current sanctions regime in stopping the war.

The first day of the three-day G7 summit in Japan was dominated by a discussion of Russia and its invasion of Ukraine, as well as a nuclear escalation by Russia, China, Iran, and North Korea. Other matters on the table included food security, vaccines, economic stagnation, and climate change. Invited to the summit were representatives from Australia, Vietnam, Brazil, Comoros, India, Indonesia, South Korea, and Ukraine, and organisations like the IMF, OECD, UN, and WHO.

The new restrictions include export bans on industrial machinery, tools, and advanced technological components to Russia, as well as embargoing Russian exports of metals, diamonds, and energy products. The new actions also include efforts to prevent sanctions evasion, disrupt military supply chains, and personal sanctions on more than 200 Russians.

## What is the G7?

The G7 is a group of seven developed countries that meet annually to discuss international affairs. The member countries, consisting of the United States, United Kingdom, Canada, France, Germany, Italy, Japan, and the EU as an observer, are all democratic advanced economies and close military allies, which gives the group significant international influence.

The G7 emerged in proto-form in 1973 and had its first summit in 1975 to discuss the global Nixon oil shocks and the ensuing recession. Since then, it has met regularly to discuss global issues of pressing importance. Some of the other issues that the G7 countries have attempted to tackle in the past include the Soviet invasion of Afghanistan, debt-burdened developing countries, the Iran-Iraq War, the Chernobyl disaster, the 2008 Great Recession, the COVID-19 Pandemic and the Russian invasion of Ukraine.

Though the group has made attempts to increase engagement with the developing world in recent years, it has still been criticised for being a 'rich country's club', monopolisation of global issues, ineffective policy, and factionalism.

Russia also used to be a member of the G7, known as the G8, back then. Already an outlier among the other countries, as it was not an established liberal constitutional democracy or advanced high-tech economy, it was suspended from the organisation in 2014 after the annexation of Crimea and eventually left the group permanently in 2018.

## How effective has the sanctions package on Russia been?

The current sanctions package on Russia is widely considered to be one of the strictest in the world, though there is considerable debate on their efficacy. The sanctions include:

1. Freezing Russian assets in other countries.
2. Removing Russian banks from global financial networks.
3. Limiting Russian income from energy exports.
4. Further sanctions on several Russian citizens close to the Kremlin.


Furthermore, several international corporations, such as PepsiCo, Adidas, and Mcdonald's, have voluntarily suspended operations in Russia, and several manufacturers were banned from being exported to Russia. Russia responded to these sanctions with its own embargoes, banning the import of several goods from the West, such as telecom equipment, medicine, vehicles, timber, and agricultural produce.

Though the sanctions package is estimated to have frozen more than half of Russia's forex reserves and significantly limited Russian state revenue, they are widely considered ineffective.

However, many experts predicted a complete collapse of the Russian economy, which has not yet happened. Though the Russian economy has slowed down, and access to several consumer and military goods has been restricted, the widespread economic recession has been averted. The Russian economy is forecast to grow by 0.7% in 2023, mostly on the back of energy exports.

## What is the future of the G7?

While many believe that the G7 is obsolete and has been superseded by other, more relevant groupings, such as the G20, many still view it as a trendsetter in Western policy. The tightening of the Russian sanctions is a signal to many that the G7 is still committed to its stated values of democracy, human rights and rules-based global trade.

While the renewed sanctions are likely to have little immediate effect, they are still a signal to the world that the G7 matters and are not to be taken lightly.

Most importantly, this is a message to an increasingly hostile China that any aggressive action will be met with a concerted policy from the world's largest and most advanced economies.

# BANK OF ENGLAND RAISES RATES TO 15-YEAR HIGH, HINTS AT FURTHER HIKES

The Bank of England has raised its central interest rates by 0.25% to bring it to 4.5%. This rate hike announced on Thursday, is the twelfth consecutive hike in as many meetings, and has brought interest rates in the United Kingdom to a 15-year high.

The announcement led to a rally in the pound's value, rising against both the dollar and the euro (against which it reached a five-month peak) before stabilising.

Nor is the interest rate expected to stay at this level, with Andrew Bailey, the Governor of the Bank of England, promising to stay on course to check inflation – the highest of any major economy.

Investors have already started preparing for further rate hikes and have priced in an expected peak of 5% by this autumn.

## The UK has been struggling with record inflation.

Even though the Bank of England was the first central bank of any major economy to predict the inflation surge and start raising interest rates, it has still been criticised by many for doing too little, too late to curb inflation in the UK, which reached a 40 year high of 11.1% in October.

The global inflation surge has hit the UK especially hard due to the effect of a messy Brexit on supply chains.

One major factor for the high inflation in the UK is the British dependence on imported fuel in the form of natural gas for its energy needs, which has left it high and dry in the wake of the global energy shortage after Russia invaded Ukraine.

Furthermore, higher food prices, partially from the effects of Brexit, have also contributed to the increase in consumer prices.

"We have to stay the course to make sure inflation falls all the way back to the 2% target," Bailey said at the start of a press conference before stressing that the BoE was not sending any signals about its next moves, which would depend on data. "If there were to be evidence of more persistent pressures, then further tightening in monetary policy would be required."

## What does the future hold for the British economy?

While the Bank of England is no longer forecasting a recession after an increase in projected growth (to 0.25% growth from an expected 0.5% contraction), it does expect inflation to fall more slowly as well. The bank aims for a target of 2% inflation, as compared to the 10%-above in March. It is also expected that the interest rate hikes will increase costs for household borrowers.

*"Although it is good news that the Bank of England is no longer forecasting a recession, today's interest rate rise will obviously be very disappointing for families with mortgages,"*

said British finance minister Jeremy Hunt.

The Bank of England is not alone in its policy of monetary tightening, with both the US Federal Reserve and the European Central Bank raising interest rates as well last week by 25 basis points.

However, both central banks have hinted at a pause in future rate hikes as banks struggle with the sharp rise in borrowing costs, while the Bank of England seems set on further increases instead.

# ARTIFICIAL INTELLIGENCE: AN OPPORTUNITY FOR MIDDLE EAST INVESTORS

Artificial Intelligence and Machine Learning don't seem to be futuristic anymore. The adoption of these advanced technological paradigms is happening as we speak. However, when we talk about AI adoption, we generally do so in terms of how companies and individuals would reap benefits from it. But what about investors? How will AI impact the investors? How big an opportunity is it? So, in this article, we'll explore how AI can open new doors for Middle Eastern investors.

Remember, PwC has already estimated an impact of $320 billion from AI in the Middle East. In this scenario, businesses are going to grow at a phenomenal pace - thereby making investors smile.

## Why the Sudden Interest Towards Artificial Intelligence

Middle East countries have, for decades, been oil dependent. For example, the contribution of Petroleum to Saudi Arabia's GDP stands at around 43%. In the UAE, this figure is around 34%.

As a result, the economic health of these ME countries depends largely on oil prices and the international demand for oil.

A slump in demand invariably results in a decrease in GDP growth. If one sees it from a different angle, petroleum gives Middle East countries leverage over non-Middle Eastern countries.

We saw this during the early days of the Russia-Ukraine war when despite the fierce disagreement between the United States and Saudi Arabia, the former had to ultimately soften its stance.

Now with this background, the rising adoption of green energy and electric vehicles is a threat to the dominance of Middle Eastern countries - both from the financial point of view and from the geopolitical point of view.

This is actually good news for Middle Eastern investors. In order to retain their dominance, leading Middle Eastern countries like UAE, Saudi Arabia, Qatar etc., are pushing for the adoption of Artificial Intelligence, IoT and other advanced technologies. Businesses in the region are finding this ease of adoption of AI extremely beneficial. They have already started improving their revenue which, in turn, is making investors confident about these companies.

## How AI Is Bringing New Opportunities to the Investors

As companies in the Middle East start adopting Artificial Intelligence, investors don't really need to wait for a long period of time to see the positive results - especially the increase in revenue and decrease in operational expenditure.

Here are three case studies to support this point -

## Case Study 1: How Ooredoo Qatar Increased Its Revenue With Nokia's AI Solution.

Ooredoo Qatar is a premier telecom service provider in Qatar that connects the length and breadth of the country with its superior connectivity solution.

Recently, the company implemented Nokia's AI-based customer engagement solution to use data analytics to automatically provide contextual offers to customers.

Since these contextual offers are tailored to the specific needs of each individual customer, the customers are more likely to try them.

This is a smart way to increase revenue without spending too much on the sales process. The company also came up with an AI-based identity verification mechanism to speed up the SIM card activation process.

These innovative AI solutions had a positive impact on the revenue of Ooredoo. In 2022, its revenue was up by 7%, thanks partly to the two AI solutions mentioned above.

## Case Study 2: Saudi Arabia's Flagship Smart City - Neom - Will Be Powered By AI.

This is a huge opportunity for investors as Saudi Arabia has embarked on an ambitious mission of building a hyper-smart city where every aspect is enhanced by AI.

This city - Neom - is built not just for residential purposes. There are plans to set up industries across 14 different sectors - all powered by AI.

Several high-profile partnerships like that between the Saudi Artificial Intelligence Company and Hong Kong's Sense Time have been inked, showing the seriousness of the Saudi government in making Neom a successful project.

The hi-tech city shows tremendous potential in giving back large returns to its investors. In its 'Discover Neom' workshops in Europe, the CEO of Neom showcased various aspects of the project in which investors can invest.

Once complete, this AI-powered smart city will redefine the way of living and working.

However, it is necessary to note here that without AI, much of Neom's viability will become non-existent.

It is the integration of Artificial Intelligence with every aspect of Neom that makes the smart city attractive to investors.

## Case Study 3: How Etihad Impressed Investors By Optimising Its Operational Cost Using AI

Artificial Intelligence loses its power without data analytics. Data analytics is an intrinsic part of AI.

Etihad Airways - the leading airline in the UAE, leverages data analytics and AI to optimise its staffing crew based on historical data and the number of bookings made.

This enables Etihad to achieve around a 3% cost reduction annually. Investors who invest in airlines love this kind of reduction in Opex because of the fact that increasing prices is not feasible for airlines since this is a very competitive sector.

Hence the use of AI in reducing operating expenditure makes Etihad Airways attractive to investors. A Lot to Be Done in Terms of Using AI by Middle Eastern Stock Exchanges.

While Middle Eastern investors are happy with companies embracing Artificial Intelligence to increase revenue, when it comes to integrating AI with the stock exchanges themselves, a lot needs to be done.

Yes, stock exchanges like Tadawul are partnering with AI companies, but when it comes to using AI to protect the interest of the investors, detect fraud and help investors make data-driven decisions, a lot of work needs to be done.

## Bottom line

The coming years are going to be exciting for forward-thinking investors who acknowledge the fact that AI will change the nature of how companies are valued.

The Middle East is especially in an advantageous position thanks to the interest of the leaders in the region in supporting the adoption of AI.

This is an opportune time for investors who want to invest in the Middle East. By 2030, the region will see a massive uptake in AI technologies. Endless opportunities are waiting for the investors.

# IMRAN KHAN'S ARREST DEEPENS PAKISTAN'S TWIN POLITICAL AND ECONOMIC CRISES

Widespread and violent protests have broken out across Pakistan after the arrest of former Prime Minister Imran Khan on Tuesday on corruption charges. At a time when the nation's economy is already teetering on the brink of default, the arrest has sharply polarised the country and pushed it closer towards civil conflict, dampening hopes of any sort of political solution to the economic crisis.

The arrest is the latest in a months-long political rollercoaster within the country, which has seen Imran Khan first deposed as PM in a parliamentary no-confidence motion, the banning of his speeches on national media as 'terrorism' after he criticised the deep state, an assassination attempt on Imran Khan, raids on his Lahore residence, and the filing of more than a hundred criminal charges against him, ranging from corruption and terrorism to blasphemy – a capital offense in the Islamic Republic.

According to Adam Weinstein, a researcher at Washington's Quincy Institute, "The arrest of Imran Khan takes an already escalating political firestorm & douses it with petrol as the nation inches off an economic cliff."

## The country was already struggling with an economic crisis.

Pakistan has already been struggling with a pervasive economic crisis for the past few months, and the instability engendered by the arrest and subsequent protests are unlikely to help matters. The country is running dangerously low on foreign exchange to buy food and medicines, and surging unemployment and inflation has seen the living standards in the country drop precipitously. Videos of crowds trampled in stampedes over food aid have become heartbreakingly common, while at the same time, the country's elite import luxury cars and go on international vacations at a prodigious rate.

This is perceived to be the first time in decades that the supremacy of the military over the state's politics has been openly challenged, and while the military has been criticised for its extractive policies, economic mismanagement, and suppression of democracy, there are also fears that any uprising against the most stable institution in the country will send Pakistan spiralling into chaos or even civil war.

As the slowing global economy limits remittances from the large and wealthy diaspora and Pakistan's arch-rival India surges ahead, the country risks becoming a regional backwater. While various economic revival plans have been suggested, they are all predicated on some sort of political rapprochement within the country, a prospect that now looks increasingly distant.

## The Road Ahead

While a Pakistani court has ruled the arrest as legal, members of Imran Khan's party, the PTI (Pakistan Tehreek-e-Insaf), have risen in violent protests at what they perceive as a dictatorial move by the dominant military-landowning class. Riots in cities across the country have broken out, with vehicles and buildings being set on fire and the residences of military brass being vandalised. The state has responded with water cannons, tear gas, and internet shutdowns, killing at least one protester.

Meanwhile, both the United States and the United Kingdom have issued statements calling for adherence to the rule of law, the Constitution, and peaceful democracy. In the past, Imran Khan has alleged several times that the American government, especially the CIA, had a major role in deposing him, as they wanted a 'puppet government that would serve their interests', claims that the USA has strongly denied. Both the USA and UK have large and influential Pakistani diasporas, which influence relations with the country.

While Mr. Khan has repeatedly called for early elections to resolve the question of legitimacy, the current administration under PM Shehbaz Sharif seems reluctant to oblige him in a backdrop of widespread support for the PTI and increasingly violent protests by its members. It is imperative for the fifth most populous nation on Earth to quickly find a way to bridge political divides and draft an economic recovery plan before a humanitarian crisis of unimaginable proportions breaks out.



# THAILAND VOTES FOR REFORM IN SURPRISE ELECTION VERDICT

In a stunning election upset, Thailand voters have rejected en masse the ruling military establishment in favour of populist and progressive parties in elections that concluded Monday. With a record voter turnout of over 75%, these elections are already being seen as a watershed for democratic politics in the country.

Out of 500 seats in the country's lower legislative house, the progressive Move Forward Party has surged forward to take 151, while the other main opposition party, the populist Pheu Thai, has snagged another 141. This means that the opposition now has a clear majority. However, the future of the country still remains uncertain over questions over the military's response and whether the two opposition parties will be able to set aside their differences and work together.

The Thailand elections come after a long period of military rule that began in 2014, which included drafting a new constitution, censorship, and clampdowns on civil liberties. Incumbent PM Prayut Chan-o-cha, who began his career in the army, had also faced criticism for his handling of the economy, election interference, and severe crackdowns on protests. However, in a statement made Monday, he said he would "respect democracy and elections" after his coalition won just 15% of the votes.

## Implications for Reform

These results indicate increasing political awareness and activism among Thai youth, who formed the major support base for the centre-leftist Move Forward Party. The party's progressive agenda includes support for same-sex marriage, ending military conscription, economic redistribution policies, constitutional reform, and reduction of military influence in Thailand's politics.

They also support controversial reforms to the monarchy, including the suspension of the country's lese-majeste laws, which prohibit any criticism of the monarchy and royal family under pain of imprisonment. While people under 26 make up just 14% of Thailand's electorate, they were the dominant cultural force in this election. Party leader Pita Limjaroenrat has now overtaken Pheu Thai's leader Paetongtarn Shinawatra to become the face of opposition to the military in the country.

"The majority of votes reflect the need to escape from the 'Prayuth regime' and the yearning for change," says Prajak Kongkirati, a political scientist from Thammasat University. "It shows that people believe in the Move Forward demand for change – many more people than predicted."

## Clouds of Uncertainty Ahead

Despite the strong message from the voters, there is still a lot of uncertainty within Thailand over who will become the country's next Prime Minister. The Prime Minister is appointed by a joint vote from both Houses and while the opposition now firmly controls the lower house, all 250 members of the Upper House are stalwarts of the ruling party, directly appointed by the military. It remains to be seen how much of their agenda the Move Forward and Pheu Thai Parties will be able to accomplish in the face of their almost certain obstructionism. Furthermore, it remains to be seen how well the two opposition parties can get along, as the Pheu Thai was seen until recently as the dominant party and has no experience of playing the junior partner. Similarly, while Move Forward Leader Pita Limjaroenrat is an established parliamentarian, it is unclear whether he has the political savvy to stitch together a coalition and fulfil his campaign promises. However, there is no doubt that this election heralds the winds of change in Thailand. Whichever path the country takes, it is sure to have reverberations throughout the entire Southeast Asia region.

# MANUFACTURING AMBITION – MAKE UK OUTLINES VISION FOR LONG - TERM INDUSTRIAL STRATEGY

British manufacturers are urging the government to create a Royal Commission that would help develop a modern, long-term industrial strategy. This will provide companies with a clear vision and a stable environment to invest in and grow their businesses. The call comes on the back of a report and survey by Make UK, called "Industrial Strategy – A Manufacturing Ambition", which highlights the need for the establishment of an Industry Strategy Council. This independent body would monitor the strategy, and the Cabinet Office would be responsible for policy coordination across the government.

The timing of the report is crucial because of the impact of the US Inflation Reduction Act (IRA) and similar measures being introduced by the European Union. The UK economy risks being squeezed, and its competitors, particularly France and Germany, are implementing far-reaching industrial strategies towards 2030. The IRA is worth 1.5% of the US GDP, which, if the equivalent sum were invested in the UK, would be worth £33 billion. Make UK's ambition is not only to address the accepted challenges around skills, innovation, infrastructure, and the business environment but also the opportunities from a rapidly changing policy landscape, including green transition, digitalization, leveling up, and accelerating technologies such as AI and Augmented Reality.

Make UK also sets a target of growing the manufacturing sector to 15% of GDP, which it estimates would add an extra £142 billion in output annually, creating high-value, high-skill jobs. Six in ten manufacturers believe the government has never had a long-term vision for manufacturing, and two-thirds say the lack of an industrial strategy hinders access to skills. Furthermore, eight in ten companies believe the absence of a strategy puts their company at a competitive disadvantage when compared to other manufacturing nations, while a quarter said it is the foremost reason the sector has not grown more quickly over the last decade.

However, manufacturers are clear that an industrial strategy would bring benefits, with nine in ten saying it would give them a long-term vision, eight in ten a more stable environment, and three in ten said it gave them much-needed accountability. Half of the companies believe it would aid public-private coordination, while almost four in five companies (77%) believe a strategy should be guaranteed beyond government terms and administered by a separate body to review it every three to five years.

The lack of a proper, planned, industrial strategy is the UK's Achilles heel, says Stephen Phipson, Make UK CEO. Every other major economy, from China to Germany to the US, has a long-term national manufacturing plan. The UK is the only country without one. Phipson argues that a national industrial strategy is needed as a matter of urgency, to tackle regional inequality and to enable the country to compete on a global stage.

According to Make UK, any industrial strategy must be long-term, independent of unnecessary interference, and driven by industry, for industry. It must provide clear strategic direction and adequate channels for monitoring, evaluation, and accountability. This approach would allow for strategic allocation of funding, support, and interventions to the areas that require them the most, fostering collaboration and coordination among all stakeholders, including private sector entities, universities, research institutes, colleges, all levels of government, and independent delivery organizations.

**Make UK has made the following recommendations to begin this process:**

Establishing a Royal Commission on Industrial Strategy that will create a consensus on future priorities and ambitions for manufacturing and the wider economy. The commission's aims and objectives will be considered strategically important markers of success for informing a wider industrial strategy planning in five key areas, namely skills, innovation, green transition, infrastructure, and the business environment. The strategy should have growth targets and timeframes with responsibilities for delivery assigned to both the private and public sectors.

The Industrial Strategy Council (ISC) should be re-established with statutory status to ensure its longevity. The ISC's remit as an independent oversight body will be to ensure rigorous evaluation, monitoring, and efficacy of policy delivery. The ISC could also collate timely information and provide a feedback mechanism for better policymaking, which will aid in the delivery and implementation of targets across all levels of government.

The Cabinet Office should be responsible for ensuring cross-government coordination and implementation of industrial strategy. After devising a plan through consultation with all relevant stakeholders, the re-established ISC should have the mandate to inform and advise the Cabinet Office on ways to improve policy delivery.

The recommendation put forth for the Royal Commission involves negotiating and agreeing upon institutional reforms aimed at ensuring the stability of policy delivery and outcomes. Such reforms should include making alterations to the regulatory landscape, such as the corporate governance code, to incentivize private and public sector best practices and promote long-term productivity growth for the public good.

To provide support for this recommendation, a survey was conducted among 312 companies between April 5 and 14. The survey aimed to gather insights into the current state of policy delivery and outcomes, as well as the effectiveness of the regulatory landscape in promoting best practices and productivity growth. The findings of the survey are likely to have informed the recommendation for institutional reforms.

# LABOUR PARTY PROPOSES NEW "RIGHT TO SWITCH OFF" FOR EMPLOYEES

The Labour Party is gearing up for the next general election and this time the party's election manifesto plays it right by planning the "right to switch off" for workers. If the Labour Party comes into power, the bosses will be restricted from contacting their staff by phone, email, or WhatsApp, outside of working hours.

The proposal, led by deputy leader Angela Rayner, who is also the shadow secretary of the state for the future of work, comes as many workers struggle to find a proper work-life balance as they are drowned by work-related mail and messages during their after-hours, weekends, and even holidays.

"Constant emails and calls outside of work should not be the norm and is harming work-life balance for many", Rayner told Financial Times. She also added that they would study and will look at how to implement this practice from the countries that have already introduced these measures successfully.

However, she also acknowledged the fact that sometimes contact would be necessary, especially with employees who are working overtime.

## Right to Disconnect

The supposed "right to switch off" might be something new to the British, but it's not so for Europeans. Let's take a look at some of the countries that brought in law codes to improve the work-life balance.

### France

France was the first European country to introduce legal codes on the right to disconnect. The country legally required employers to negotiate agreements with unions for a right to disconnect after office hours from January 2017.

A worker at the French arm of Rentokil, received €60,000 in 2018 after the company failed to respect his right to disconnect.

### Spain

Spain brought in legal codes to the right to disconnect along with transposing the GDPR into Spanish law. Employees from both sectors-private and public, were allowed to cut off and maintain proper work-life balance.

### Belgium

Belgium introduced the laws in 2018 and made it obligatory for employers with more than 50 employees to discuss the issues of disconnection and the use of digital tools with the workplace health and safety committee. But in Belgium, even though the workers have a right to discuss the issues, they don't have the right to actually disconnect. In 2022, the country passed a law that allowed civil servants to cut off work-related emails and calls, received outside of office hours, without consequences.

### Portugal

The Portuguese parliament introduced new laws regarding remote work in 2021 and in January 2022, the right to privacy went into effect. The Labour Code requires those employers to refrain from contacting the employees during their rest period. Companies could be fined if the right is breached. Ireland and Italy are other European countries that introduced laws to bring in work-life balance.

The Labour Party's policies have been criticized since the party took the lead in opinion polls ahead of the general election. The policies are part of a wider package of employment amendments that are aimed at giving workers better rights.

The party intends to bring in a lot of changes and one of the biggest would be a ban on "zero-hours contracts". Flexible working hours were on the agenda of the Conservative Party and promised to make it a "default" in its 2019 manifesto but has dropped it.

The Institute of Directors stated that it accepted the government's plan to give the workers the "right to request" flexible working hours but it acknowledged the fact that enforcing flexible working hours could be challenging for some companies. Labour Party would also grant holiday rights for the employees from their very first day of employment and give protection against unreasonable firing. The party also brought in "fair pay agreements" through sectoral collective bargaining which is an important demand from the unions. In the polls, Labour is ahead of Sunak's Conservative party and had a successful set of local elections which saw it become the largest party in local government



# PAN ASIA AND VINES SIGN A DEAL TO RESEARCH ON LITHIUM CONVERSION FACILITY

Lithium Conversion Facility – About the MoU

According to the MoU, representatives of both companies will form a team to research the Project's ownership, feedstock availability, and offtake provisions. They will discuss possible collaborations with third-party providers regarding lithium feedstock. The team will also be responsible for optimising logistics. An upgrade of the ESG credentials of the end product, i.e. environmental, social, and governance. After the completion of the final research project, both Pan Asia and VinES will now discuss more and then reach an agreement on terms that will define the Project's collaboration.

The MoU agreement is a non-binding one, and it is still yet to be finalised as to when the activities stated by the agreement will be completed finally.

## Reasons for Establishing the Deal

The Chairman and Managing Director of Pan Asia Metals, Mr. Paul Lock, states that they are excited to be partnering with VinES, an ESG-focused EV battery manufacturer in Southeast Asia, to evaluate a standalone Lithium Conversion Facility in Vietnam.VinES is an ideal partner for Pan Asia Metals since VinGroup is committed to green technologies and mobility.

They are thrilled to be able to contribute towards the development of the lithium supply chain in Vietnam. Their primary aim is to enable VinES to achieve the desired goals that both of them share.

## Its Impact On the Already Existing Operations

Pham Thuy Linh, VinES' Chief Executive Officer, in her comment, stated that lithium is still considered to be one of the essential raw materials in the battery-making value chain. She also added that having a possible lithium conversion facility next to VinES's current activities in Vietnam might greatly increase their operating flexibility and synergy. It would also ensure VinES' complete sustainable development and boost the integrated supply chain.

## Key Takeaways So Far

1. A Memorandum of Understanding (MoU) was established between VinES Energy Solutions and Pan Metals Asia.
2. A cooperative feasibility assessment for a standalone lithium conversion facility in a Vietnam industrial region is highlighted in the MoU.
3. A positive analysis of the study will lead to a mutual agreement between both companies, which will assist in moving ahead with the Project.
4. Pan Asia Metals is still debating whether to confirm a second lithium concession and a supply of lithium concentrate for the finished Project.
5. VinES is excited to secure an MoU with Pan Asia Metals, which will mark an exciting step.
6. With the MoU in place, the blueprint of the integrated lithium chemical business will be developed soon.


# SINGAPORE'S OCBC BANK AND ADDX LAUNCH TOKENISED STRUCTURE NOTES THROUGH A STRATEGIC PARTNERSHIP

OCBC, Singapore's second-largest bank mulls a long-term strategic partnership with blockchain digital asset marketplace ADDX to distribute its first tokenised equity-linked structure note accredited to the investors. The fixed coupon note was introduced in May and is the first product issued by a Singapore financial institution that would land on ADDX's ledge. Through the launch of the product, a long-term partnership is born which also paves the way for the introduction of a wide variety of investment products in the future.

## What makes Tokenised structure notes so unique?

Fixed coupon notes are equity-linked structure notes that pay regular distributions at pre-arranged intervals, with a clause that no exceptional event has occurred according to the provisions of the notes. The notes would provide a way for the investors with a specific view of the price movement of underlying securities in order to produce additional cash flow along with gaining potential exposure to the underlying security or securities. The note is linked to shares in Underlying Share, a US-listed tech giant. The note was launched on the ADDX platform at a minimum size of USD 50,000. OCBC Bank's Head of Global Treasury, Mr. Kenneth Lai on reaching a strategic partnership and launching notes stated that it is important to innovate and find new channels for the products even though the bank has achieved a thorough stable of treasury products including sustainability-linked interest rate swaps, structured deposits, cross-currency swaps, and green bonds. "We are therefore pleased to be the first Singapore bank to offer an equity-linked structured note in tokenised form on ADDX. It is the first innovation resulting from a longer-term partnership with ADDX, and we are hopeful that it will lead to more diverse product offerings that are relevant and appealing to the global accredited investor base of ADDX", stated Mr. Kenneth Lai OCBC is partnering with new digital players like ADDX and deepening its relationship with important players in the industry which would increase its customer proposition and tap into a wider investor base. Tokenising the fixed coupon note will allow more authorized investors to ingress the product. ADDX, which is headquartered in Singapore aims to make investing fairer by democratizing private markets. ADDX reduces involvement in the issuance, distribution, and custody of private markets by using smart contract technology and blockchain.

The ability to fractionalize investments in a commercially viable and scalable manner comes from the efficient use of digital securities. ADDX has listed more than 70 deals on its platform and worked with companies like Partners Group, Hamilton Lane, Singtel, and Investcorp.

Ms. Oi-Yee Choo, the Chief Executive Officer of ADDX emphasized that structured products are devised to provide investors with unique risk and return properties that won't be available through traditional investments, this is also an appealing option for investors considering yield-generating options in the current economic conditions.

*"These products can potentially offer higher returns than bonds or fixed deposits – they typically include a combination of a fixed-income component and a derivative component providing exposure to the performance of underlying assets such as stocks or commodities",*
stated Oi-Yee Choo.

## About OCBC Bank

Established in 1932, OCBC Bank is the longest-established Singapore bank. The financial institution is formed from the merger of three Singapore banks and grew to be the second-largest financial services group in Southeast Asia. The bank offers a wide variety of financial services in wealth management services and commercial banking such as investment, private consumer, corporate, and transaction banking to insurance, asset management, treasury, and stockbroking services in its key markets like Indonesia, Greater China, Singapore, and Malaysia. OCBC currently has representative offices in 19 countries with more than 420 branches.

# ERDOGAN SECURES ANOTHER TERM IN A HISTORIC WIN


In an election touted as the most important since the country's founding, Recep Tayyip Erdogan has secured another five-year term as President of Turkey, cementing his position as one of the longest-lived and most important leaders of the 21st century.

World leaders and domestic supporters alike have hailed the verdict as a victory for democracy and stability.

In a highly polarised election that many felt would decide the country's ideological and political future, Mr Erdogan received 52.1% of the votes cast, while his opponent Kemal Kilicdaroglu received 47.8%. With a high turnout of 84%, the results are decisive and give Mr Erdogan a mandate to continue with his agenda of pragmatic foreign relations, unorthodox monetary policies, and an increasing role of Islam in public life.

## A nation in turmoil

While the results are undeniable, the election was marred with several controversies and allegations of rigging.

This included Mr Erdogan's right to seek reelection in the first place following a constitutional rehaul in 2018, several incidents of political violence, Mr Erdogan's photo on the ballot, and widespread bribery.

Mr Kilicdarogly also alleged widespread election interference by Russia and Azerbaijan during the campaign, but this was not conclusively proven.

In his victory speech, Mr Erdogan stated his immediate priority would be to reign in rampant inflation and earthquake relief. He said, "The most urgent issue of the coming days is to eliminate the problems arising from the price increases caused by inflation and to compensate for welfare losses." The biggest campaign issues during the election, high inflation and the aftermath of the devastating earthquake are just two of the challenges Turkey faces, along with a refugee crisis, Kurdish terrorist groups, and a plethora of foreign policy issues.

However, Mr Erdogan expressed confidence that the nation of 85 million would tackle these successfully, declaring a 'Turkish century'. This is especially notable as this year marks the centennial of the fall of the Ottoman Empire and the foundation of the Turkish Republic.

## Turkey's most influential leader since Ataturk

Mr Erdogan has had a rollercoaster of a political journey, from humble origins as a street vendor to the mayor of Istanbul in the 90s to a spell in jail, to Prime Minister of Turkey in 2003. In the ensuing 20 years, he has reshaped the country in his image, amassing a long list of both successes and failures in the process. His administration has seen momentous events such as the Great Recession, the Syrian Civil War, the Covid-19 pandemic, and the Russian-Ukraine War, cementing his place as the country's most important leader since the founder, Kemal Ataturk.

Some of his successes include an infrastructure boom that saw numerous roads, airports, houses and a high-speed rail network built.

He has also reduced the influence of the military in political affairs, ended the Turkish-Kurdish conflict, successfully withstood an attempted coup in 2016, overseen a constitutional change from a parliamentary to a presidential system, and raised Turkey's profile on the world stage. All is not sunny, however, as he has also had notable failures, including a currency and inflation crisis, the 2013 Gezi Park protests, increasing authoritarianism and democratic backsliding, and military misadventures in Syria.

His leadership had also seen a growing Islamization of government, as seen when he converted the Hagia Sophia from a museum back to a mosque.

In a country which prides itself on its secularism, this religious encroachment has threatened to undermine the foundations of national identity and build a new one based on the ideology of neo-Ottomanism.

Whether Mr Erdogan's new term will see a reprise of his successes or a continuation of his failures remains to be seen. However, one thing is for sure- the consequences will be felt throughout the region.

With a young population, solid industrial base, rich cultural heritage, and large and influential diaspora, Turkey is widely seen as one of the rising powers of the 21st century.

## Reactions around the world

Several world leaders have congratulated Mr Erdogan on his victory, with an expectation of foreign policy continuity. Some of the hot-button foreign issues on the Turkish agenda include Sweden's entry into NATO, the political rehabilitation of Syria, the ongoing Russia-Ukraine War, and simmering tensions between Azerbaijan and Armenia.

Turkey sits at the centre of several geopolitical crossroads, between Europe and the Middle East, the Black Sea and the Mediterranean, NATO and Russia, and this importance on the world stage has only grown in recent years with the disruptions in the region.

Playing a significant role in the Syrian Civil War, Russian and Ukrainian negotiations and NATO politics, Turkey has emerged as a broker for the world, and this position was highlighted by the attention paid to this election worldwide.

World leaders who congratulated Mr Erdogan on his win included the representatives of the USA, Russia, Ukraine, Germany, United Kingdom, France, Qatar, Saudi Arabia, the European Union, NATO, Armenia, Sweden, Israel, Libya, Hungary, Palestine, Iran, Azerbaijan, Serbia, and Pakistan, among others.

While many Western leaders had held their silence during the election, privately hoping for the volatile Mr Erdogan to lose, it seems they must now come to terms and compromise with Ankara if they wish to secure their geopolitical goals.

# ARE DEPOSIT-FREE MORTGAGES MAKING A COMEBACK IN THE UK?

From nomads to cavemen to homeowners, mankind has evolved to seek settlement and comfort before anything else. However, settlement and comfort are currently expensive. You shall have to bag the cash first, either by saving or borrowing. While the UK struggles with soaring inflation spiking up the affordability crisis, Skipton Building Society, the fourth largest building society in the UK, has set forth a mortgage product that feels like a fever dream for prospective first-time home buyers.

Skipton Building Society is now a pioneer in offering a deposit-free and guarantor-free mortgage since 2008. With a fixed interest rate of 5.49% for five years over a maximum term of 35 years, this mortgage is geared toward first-time home-buyers who are currently on the renting spree.

## The Mechanism Behind Deposit-Free Mortgages

The norm for property buyers in the real estate universe is to pay a certain percentage of the cost of the property upfront as a deposit, while the remaining fund is borrowed from a mortgage lender. So, if the value of your property is £100,000, you have to deposit a minimum sum of 5%, i.e. £5,000 and take a mortgage loan of the remaining value of the property.

Deposit-free mortgages, however, allow property buyers a 100% loan-to-value mortgage facility, eliminating the need for making a down payment. Buyers can obtain a mortgage of the entire property value of £100,000.

Historically, deposit-free mortgages existed in the past, but after the financial economy crashdown of 2008, most instruments were pulled back. These mortgages are currently very rare, and all of them require a financial guarantor to be listed on the loan to reclaim money in case of default in loan or interest repayments. The mortgage lender either has a charge on the guarantor's home or the lumpsum deposit by the guarantor into a savings account.

## The Reapers of the Deposit-Free Mortgage Benefits

The rising cost of living and increased rental prices seem to have the UK in a precarious position. A lower supply of housing has driven rents to record high over the last few months, curtailing the ability to save for house deposits.

The Help to Buy Scheme, which provided financial assistance to the government to first-time buyers, has also met an end in late 2022 with no new schemes reintroduced. The entire situation has posed a major housing challenge for the UK, making it impossible for people to climb the property ladder.

The Skipton Building Society has become the social messiah to free people from the renting trap. With no down payments and a 100% borrowing facility, first-time home buyers can wave their FOMO goodbye. They now stand on an equal footing to their peers who have their families' assistance to save up for mortgages.

## Eligibility Criteria to Bag the No-Deposit Mortgage

The product offered by the Society' Track Record' is designed for people currently under the burden of renting and can't raise a deposit.

*The eligibility criteria for a person's application to be accepted:*

1. Be 21 or over
2. Be a first-time home buyer
3. Have proof of paying rent for a consecutive 12 months in a span of 18 last months
4. Have proof of payment of house bills in that period
5. Have made no default in payment of debts or credit commitments over the past 6 months
6. Have less than a 5% deposit
7. Don't have to borrow more than £600,000

## Is it Perfect, or is There a Catch?

Amidst a financial constraint surrounding the UK, renters seem to be gratified by the deal offered by the Skipton lender. Skipton's 'Track Record' mortgage offers borrowers the opportunity to pay towards their assets rather than rent.

People who would otherwise have to wait several years to accumulate a sufficient deposit could now be able to access the housing market.

Additionally, Skipton pledges not to set borrowers a repayment rate above their current rent level, meaning they will end up paying less than they would have had to if they continued renting over the term of the mortgage. In addition, if property value rises, it lowers the chances for negative equity.

However, as the universal law persists, all good things will have flaws. In this case, we will point a few out. Firstly, the interest rate of 5.49% is significantly more expensive than the normal 5% rate on 5-year deals.

Secondly, there is a massive risk of negative equity, a situation where the value of the property is lower than what you owe. For example, availing a no-deposit mortgage would mean you owe 100% of the property value to your lender (£100,000).

If the value of the property falls to £80,000, it will create negative equity, as there was no deposit to cushion the devaluation. At this point, selling the property for £80,000 would not pay off your mortgage, and you will remain in debt. It is yet to be seen how the entire saga of no-deposit mortgages plays out in a highly unpredictable UK housing market. Financial experts are in favour of the support extended to first-time home-buyers. However, massive structural changes need to be undertaken to solve the supply shortage.

The government is lagging behind their 300,000 new houses per year SchemeScheme, with around 233,000 houses being supplied in the year 2021-22.

Certain critics highly believe Skipton's mortgage deal will probably not help everyone but some new-generation home buyers who might like to enjoy a meal in the security of their own homes.

So, if you are a potential home buyer currently renting in the UK with a golden credit score, now is your time to shine.

# SURPRISE ANNOUNCEMENTS BY OPEC+ OIL ALLIANCE: PRODUCTION TO REDUCE FROM MAY 2023

On April 2, 2023, Sunday, OPEC (Organization of the Petroleum Exporting Countries) and its allies, including Russia and Saudi Arabia, announced an output cut starting from May 2023 till the end of this year. The news came as a shocker since it was expected that they would follow the pre-determined 2 million barrels per day (bpd) of cuts already in place until the end of 2023. OPEC has decided to cut down production by 1.16 million bpd further. Therefore the total cuts after Sunday's announcement amount to 3.7% of global demand.

This eyebrow-raising decision has opened a string of new questions. Are the industry and oil-importing countries prepared for this output reduction? How will it impact the soaring oil prices?

**Why Is OPEC+ Cutting Down Oil Production?**

The first and undeniable question was, Why did OPEC+ take such extreme measures? Experts believe the sudden move can be attributed to the following three reasons.

**Fear of a weak global economy:**

Saudi Arabia, one of the prominent OPEC+ allies, claims that the voluntary 1.16 million cuts on top of the existing 2 million mark were made as a precaution to maintain market stability. Adding to this, the Russian deputy prime minister Alexander Novak said that the measure was in response to the Western banking crisis. Investors fearing the looming banking crisis sold out risk assets such as commodities as oil prices fell to nearly $70 per barrel from an all-time high of $139 in March 2022.

**Punishing speculators:**

The production cuts are also aimed at punishing short sellers and those who bet on oil price declines. Saudi Energy Minister Prince Abdulaziz bin Salman cautioned the industry players of unscrupulous betting in 2020. Such gamblers can jump the prices, he said. Sources from OPEC+ believe that "The latest cut would hurt those who bet against oil really badly."

**Looking for higher prices:**

Many experts opined that OPEC+ was planning to floor the oil prices at $80 per barrel, while some estimated a whopping $100. However, the organization realizes that overly high oil prices pose a risk for OPEC+ since they can speed up inflation, including for goods the group needs to purchase. OPEC+ is also looking at the positive side of the output cut in terms of increased investment in alternative sources of energy.

**How is the decision impacting prices?**

Last month the oil prices reduced to almost $70 a barrel, which was the lowest in 15 months, amidst the looming concern that a global banking crisis would hit demand. After Silicon Valley Bank collapsed in early March 2023, oil prices plummeted to as low as $73 and $67 a barrel, respectively, in the following weeks, as everyone feared a new banking crisis.

However, after Sunday's announcement, there was a steep spike in oil prices on Monday. The Global benchmark Brent crude prices leaped 5.31% to $84.13 a barrel, while WTI, the US benchmark, rose 5.48% to $79.83. These were the sharpest price hikes seen in almost a year. One of the top bosses of investment firm Pickering Energy Partners said that the latest output cuts could shoot the oil prices by $10 per barrel.

**Will it have an impact on other parts of the world?**

The world governments are not quite satisfied with the unexpected move. The White House has clearly expressed its dismay calling it an unadvisable step. Calling it unwise, the Biden administration pointed out that the world needs lower prices to support economic growth and prevent fund supply to the present geopolitical crisis in Eastern Europe.

The output cuts are likely to strain the US-Saudi oil ties. President Joe Biden has faced criticism from the Republican party as he failed to reduce gas and food prices in the US. The sudden decision came at an unfavourable time for the Biden administration, and Mr Biden has promised consequences for Saudi Arabia in retaliation for production cuts and price hikes. The US is now planning to launch its shale reserves.

India, currently importing 85% of its crude oil, is confident of navigating the spikes in energy prices. Union Petroleum and Natural Gas Minister Hardeep Singh Puri also added he discussed a possible rise in energy prices aggravating the movement towards recession, which would, consequently, lower oil demand. However, he said that India was scrutinizing the move and carefully measuring its steps.

Although several other parts of the world, including India, expected only a 1 million barrel per day cut in supply. The next meeting is expected to be held on December 4, 2023, after the oil output cuts are already in place.

# BOURSA KUWAIT SHINES IN 2022, SET TO ENHANCE KUWAIT'S MARKET

Boursa Kuwait has reported a remarkable performance for the year ended December 31, 2022. The company also recorded a net profit of KD 18 million (US$ 58.8 million), an increase of 13.3% from the previous year, which was KD 15.9 million (US$51.9 million).

Established in 2014, Boursa Kuwait is the sole private-sector operator of the national stock exchange of Kuwait- the Kuwait Stock Exchange (KSE).

During the board meeting held on February 12, 2023, the company reported its 2022 performance demonstrating a healthier financial state and resilience. So, it can be safely said that stakeholders are in a favourable position, and shareholders have all the reasons to be optimistic about FY 2023!

## A look back at Boursa's Fy 2022 numbers:

The operational model of the company is receiving high praise from eminent personnel. During the meeting, which included all the board members, Boursa Kuwait announced the most anticipated results and figures that will help investors make material decisions about the company. The summary of these numbers is as follows:

**Net profit** for the year 2022 is KD 18 million, a 13.3% increase from 2021, in which the figure was KD 15.9 million.

**Operating revenue** increased by 12.8% from KD 31.2 million in 2021 to KD 35.2 million in 2022.

**Operating profit** for the year 2022 was 22.6 million, a 22% increase over KD 18.5 million recorded in 2021.

The company's **Earnings Per Share (EPS)** increased by 13.3% to 89.67 fils in 2022 compared to 79.15 fils in 2021.

In addition, the Group's **total assets** were valued at KD 119.6 million as on December 31, 2022. It showed an 8.3% increase from 2021, where the valuation was recorded to be at KD110.4 million.

**Total Liabilities** increased by 8.82% from KD 10.51 million in 2021 to KD 11.44 million in 2022.

**Shareholder's equity** attributable to the parent company sits at KD 65.5 million at the end of the financial year 2022, an 8.1% increase from KD16.6 million in 2021. Retained earnings analysis showcases the strong operational performance of the group of companies.

The Board of Directors also proposed a **cash dividend distribution** of 85 fils per share, accounting for approximately 94.8% of the profits generated by the company.

Boursa Kuwait has **200,775,750 issued and paid up shares** of 100 each in the year ended December 31 2022.

The company was also awarded the "Most Sustainable Practices in ESG" award in 2022 from Global Business Outlook. The company has maintained a proactive approach to align its operations and strategy with the Sustainable Development Goals (SDGs) formulated by the United Nations.

## Cash Dividend Approved at the AGM

The Annual General Meeting (AGM) of Boursa Kuwait Securities Company approved the distribution of cash dividends for the year 2022, amounting to KD 17.65 million (US$ 57.76 million). The per share dividend amounts to 85 fils per share, the same as the proposed dividend value.

The meeting held under the stewardship of Chairman Hamad Mishari Al-Humaidhi mentioned that the shareholders would receive this dividend by April 12 2023.

Furthermore, he also mentioned that only those shareholders who are registered by the end of the record date of April 9 2023, are entitled to this dividend.

Shareholders have also been granted authorisation to the Board to buy or sell shares of the company, given the total doesn't exceed 10%, as given in the provisions of Law No. 7 of 2010 and the succeeding amendments.

## Mission to Elevate the Kuwait Capital Market

The Kuwait Stock Exchange, through its effective strategy-making, is trying to make the capital markets raise liquidity.

This will help them in raising economic development by luring in more international investors.

Boursa Kuwait's continued efforts to boost the capital profile of Kuwait are slowly attracting all local and international investors with varied investment orientations.

This strategy falls in line with Kuwait's vision termed "New Kuwait 2035". The underlying objective is to transform the country into a "financial and investment center region". The authorities want to place Kuwait's capital market on a pedestal quoted as "Middle East's finest".

With a resurgence of activities in the first half of 2022, Kuwait's capital market capitalisation increased by 12.9% to reach KD46 billion (US$152.5 billion). The premier market has a market equity value of KD 37.4 billion (US$122.1 billion), whereas the main market is KD 9.3 billion (US$30.3 billion).

Boursa Kuwait well maintained their operations amidst high fluctuations in the capital markets worldwide, with inflation numbers going haywire in most economies.

The second half of 2022 had a cool-down in Kuwait in comparison to other capital markets. Over the past 6 years, the company has also rolled out market reforms and initiatives in their multi-phase market development scheme.

## Kuwait-Saudi Partnership to Explore Capital Markets

In a move to strengthen the expansion and growth of capital markets, the Kuwait and Saudi Arabian stock exchanges signed an MoU in December 2022 to help seek areas of mutual interest.

Boursa Kuwait and the Tadawul Group (Saudi Stock Exchange) jointly want to explore financial technology and products with sustainable ideologies.

CEO Mohammad Saud Al-Qsaimi believes that this MoU will help broaden the transfer of knowledge and increase cooperation amongst the Gulf countries, thereby boosting economic benefits.

# ARE TIKTOK'S DAYS IN THE US NUMBERED?


### What Exactly Are The Allegations Against Tiktok?

1 For starters, the Biden government thinks that since TikTok's parent company is located in China, it has to listen to anything the Chinese government says. The US government alleges that TikTok can provide the Chinese government with unfettered access to user data.

2 Furthermore, it is alleged that the Chinese government can spread propaganda and fake news pieces through TikTok, which have the power to destabilise American society.

3 And lastly, it is also alleged that the Chinese government can censor videos on TikTok that present the CCP in a bad light.

### What Options Can TikTok Leverage To Save Its International Business?

A whopping 150 million users in the United States spend around 46 minutes per day on TikTok. That's how popular TikTok is in the US. However, despite this popularity, the road ahead of TikTok is replete with thorns. The popular short video platform has always been accused of harvesting user data. Coupled with this, the fact that it has its roots in China makes it a default candidate for suspicion from governments of other countries. After being banned by the Indian government, the United States government is now considering banning TikTok. How much revenue will TikTok lose if the ban comes into effect? What will be the impact of the ban on users? What can TikTok do to avoid being banned? Let's explore.

### TikTok's Revenue in the United States

Valentina Dencheva of Statista estimates that if TikTok keeps on operating in the United States, its revenue is poised to increase to 11.01 billion USD. One can get an idea of this unbelievable growth when we compare this figure with the actual revenue that TikTok earned in 2021. In that year, it earned a revenue of just 2.1 billion. From 2.1 billion to the projected 11.01 billion - this awes-inspiring growth makes the United States one of the most valuable markets for TikTok in terms of its international business.

### The China Connection and the Data It Collects

Like many other platforms, TikTok collects user data ranging from username to the age of users, from phone number of the users to even their location data and IP address. The privacy policy of the short video app further says that it might collect keystrokes data to detect spam and bots. The application has to process facial data to apply various filters to the images of users' faces.

While the data that TikTok collects is not really out of line with the data that other social media giants collect, the scenario changes when we ackno-wledge the fact that TikTok's parent company ByteDance is based in China. The US government alleges that the data of US citizens can be accessed and used for nefarious purposes by ByteDance. On top of that, ByteDance - like other Chinese companies - has an internal committee comprising people close to the Chinese Communist Party. The committee is known as the CCP Committee. The domestic unit of ByteDance was effectively hijacked by the Chinese government as the state's Cyberspace Administration and the state media company - Voice of China acquired a minority stake and board seat. The parent company has a long history of toeing the party line.

### TikTok and Its Perpetual Fear of Being Banned

It seems the huge popularity of TikTok across the world ironically placed it on the radar of international governments. Way before the Biden administration started taking proactive measures to rein in TikTok, the Trump government was just one step away from banning it. In August 2020, former US President Donald Trump signed an executive order that gave the short-video-sharing platform till November to satisfy the government that it was not a threat to the country's national security. TikTok was instructed to shut down if it failed to break away from its parent company, ByteDance. In essence, Trump wanted to see TikTok acquired by another company - preferably American. That did not happen. Later in 2021, the Biden administration reversed the executive order that ordered TikTok to be sold to any American buyer.

However, now in March 2023, the Biden administration is all set to repeat what Trump did. Under the Biden administration, the Committee on Foreign Investment in the US (CFIUS) asked TikTok to divest in order to continue operating on American soil. Before this devel-opment, the Biden administration directed all employees working in the federal government to delete TikTok from devices used for official purposes.



### Why Did Trump Fail to Ban TikTok? Can Biden Succeed?

In December 2020, the Federal judges, in two separate rulings, blocked Trump's attempt to ban TikTok or make it disappear from app stores. The primary opinion of the judge in the second ruling was that Donald Trump's usage of emergency powers went against the limitations specified in the Inter-national Emergency Economic Powers Act. This essentially meant that the executive order passed by the former president was not in line with the law of the land. Lawyers for TikTok argued that despite being provided with alternative ways to regulate the app, the US government was hard-pressed to ban TikTok. What were those alternative ways? TikTok wanted to store the data of its US users in the country itself. It was in talks with Oracle to use its servers in the US to store user data.

Most importantly, the subtle implication behind all of these rulings was that the US government failed to furnish enough proof that banning TikTok would violate the citizens' freedom of expression as codified in the First Amendment.

Now, the question is, how does Biden plan to do the same thing (i.e. banning TikTok) without running into the same hurdles? Along with the issues mentioned, the Washington Post rightly pointed out that even if TikTok and its parent company agree to the forced-selling of the short-video app, it is now associated with political mudslinging. Along with that, buying TikTok can be an expensive affair. It will be hard to find an American company that would be interested in buying TikTok. When Microsoft did try to buy the platform, Trump decided to ask for a cut for the government.

### The Proposed Restrict Act and the Dangers It Poses

The Biden administration knows that it will be difficult in court to prove that TikTok is indeed a threat to national security. This is why it proposed new legislation, which is now known as the Restrict Act. While on paper, the government says that the Act will give the Secretary of Commerce the to thwart any technological threat posed by foreign entities (like ByteDance, although nowhere in the legislation is there a direct mention of TikTok or ByteDance), the Act aims to do much more than that.

The Restrict Act gives the overarching government power - with no judicial oversight - to ban any website, examine the electronic data of American citizens, and even punish the users and providers of VPN services.

American citizens, on social media, are of the opinion that the government is using TikTok as an excuse to curtail the freedom of ordinary American citizens. The proposed legislation has already invited fierce criticism from all quarters.

It seems that the focus has now shifted from TikTok to cyber-freedom. This is actually good news for TikTok, as most citizens are opposed to the proposed legislation. The US government seems to have once again fallen into a political and legal pothole.

**Bottom line:**

The complexities surrounding TikTok is a poignant case study on how business is intrinsically connected with politics. To be more clear, a company's international business can turn into the focus of any geopolitical issue at any time. However, when it comes to Chinese companies, casting suspicion on them is partially justified considering the fact that most Chinese companies have CCP-aligned people working inside them. And all of these companies have to listen to what the Chinese government says to be able to continue their business. TikTok tried to distance itself from ByteDance. It even implemented measures to store data on American soil. However, none of those strategies worked in favour of TikTok. The geopolitical game has just started. The clock can keep on "ticking and tocking" - but the arm wrestling between TikTok and the US continues.

# QATAR ANNOUNCES THE INTRODUCTION OF A NEW DERIVATIVES MARKET

The Qatar Financial Centre Regulatory Authority (QFCRA) has recently made an announcement regarding the expansion and launch of a new regulatory framework for the listing of derivative contracts. This will enable the market participants to trade in Futures and Options (F&O) on domestic listed stocks and the equity index as well.

The QFCRA was in consultation with market participants and the investor communities for a fair development of the framework, which will cater to the interests of both sides. After this awaited discussion which lasted over three months, the QFCRA announced the new regulatory framework for listed derivatives.

The Qatar Stock Exchange (QSE) has wholeheartedly welcomed the public announcement of QFCRA.

Further, in a press statement, QFCRA mentioned that now after the launch of Derivatives Markets and Exchange Rules 2023 (DMEX), the new regulatory framework had been launched, the Qatar Financial Centre (QFC) will now be able to develop a derivatives exchange at scale and also form a Central Clearing Counterparty that will enable smooth trade settlement and manage the settlement risks associated with derivatives contract.

The statement also mentioned that the London Stock Exchange Group (LSEG) will now lend its technology that runs the London Stock Exchange and other 25 exchanges spread across the world to QSE for derivatives trading, clearing and settlement activities of the new derivatives exchange launched by them.

This framework is primarily centred around the development of the derivatives market of the QSE, which involves futures and options contracts.

Futures are legal contracts to trade a particular financial asset (commodity, agricultural produce, stock, etc.) at a pre-decided price at a specified time. In the stock market, these contracts are standardised with fixed quantity and quality to ease trading activities amongst market participants.

Options are promised contracts that endow the buyer with a right to purchase or sell the underlying asset at a specified price and a prefixed date. It must be noted that these are rights, not obligations.

Abdulaziz Al-Emadi, the acting CEO of the Qatar Stock Exchange, stated that the launch of a new derivatives exchange would mark a pivotal turn in the development of the capital markets and will also act as a catalyst for the ambitions of Qatar to achieve a developed market status amongst all of its global peers like the US and European countries.

The regulatory authority or QFCRA will work in tandem with the Qatar Stock Exchange to efficiently launch the derivatives exchange and only cater to investors looking for other avenues for portfolio diversification.

It will also enable the domestic financial organisations and stock brokers to foray into the derivatives segment and expand their business by offering their clients newer investment products, said Michael Ryan, the chief executive of QFCRA.

The new derivatives exchange and a central clearing counterparty available in the Qatar Financial Centre will now present the investors and traders the opportunity to trade in futures in QSE's listed stocks and the equity index and also in options that will be cash settled on the expiration day on the new derivative exchange.

Unlike other Middle Eastern nations, Qatar is an ultra-rich nation fueled by revenues from its natural gas reserves and enjoys the position of the world's largest exporter of liquefied natural gas. In the race for diversification and to attract the world's attention to the tiny peninsula in the Persian Gulf, it hosted the FIFA World Cup 2022. But after all this, it is still considered an emerging market by Morgan Stanley Capital International (MSCI), the global index provider.

Hence, it has now taken up the task of rebuilding its equity market by allowing widespread participation to investors globally by offering more listings and an even playfield equipped with market products similar to the other developed markets.

Last year, Qatar missed the golden opportunity to exploit the IPO boom of the Middle Eastern economy, which benefited its neighbours, Saudi Arabia and the United Arab Emirates. People say that Qatar couldn't focus on IPOs because it was caught between emerging from the mayhem of covid pandemic and the organisation of the FIFA World Cup.

In January 2023, Qatar witnessed its debut initial public offering of an IT firm, MEEZA. This listing was the first one after a three-year dry spell due to the stringent regulation under which companies had to offer a fixed range of prices to examine investor confidence and determine prices later on.

Every trader has a different approach towards the market. They have their own sets of emotions, limitations and styles. It is important to fix certain indicators depending on their strengths and limitations in accordance with the other analyses. Traders should also consider other factors before selecting indicators like what market they will be used in, which timeframe will they be applied and their risk appetite too.

# PENTAGON LEAKS:
## EVERYTHING YOU NEED TO KNOW

In recent weeks, a series of documents, seemingly containing highly classified Pentagon intelligence related to the Russia-Ukraine War and information on US allies, have been released online.

While the United States media has reported on the apparent leak feverishly, officials are treading a careful line while responding. Pentagon spokesman Chris Meagher said that the photos circulating "appear to show documents similar in format" to those provided to senior military leaders, but stressed that defense department staff were still assessing their authenticity.

Several officials are also that at least a few of the documents appear to be doctored, raising concerns that they could feed misinformation campaigns. On Monday, Meagher stated that the documents could pose a very serious threat to national security.

While further details continue to emerge, it is apparent that the situation has rocked the US administration, as it rushes to assess and contain the extent of any data breach.

### The First Appearance of the Documents

The documents seem to have emerged first in pictures posted on Discord, a popular gaming social media platform, according to Bellingcat, an investi-gative website.

The pictures reveal creased docum-ents placed on top of magazines and other household items. Former officials who reviewed the pictures told the New York Times they were taken from a secure location in a pocket since they appear to have been folded.

Bellingcat traced the leak to a now-defunct Discord server. Further research suggested that the docum-ents had already emerged on social media in March based on some documents that were dated. Bellingcat also said it had seen evidence some of the documents were posted as far back as January on Discord.

The pictures showcased documents with classified markings. Certain documents were labeled "top secret", the highest level of classification, and seemed to be briefing slides by the US military's Chief of Staff.

According to the New York Times, some documents also contain the NOFORN or "Not Releasable to Foreign Nationals" marking, which meant that they could not be shared with foreign intelligence agencies, which includes Five Eyes, a collection of spy agencies in the US, Canada, Australia, New Zealand, and the United Kingdom.

The pictures spread from Discord to 4chan, an online image board, before appearing on other mainstream social media platforms, according to Bellingcat.

### Possible Sources of the Leak

While the US Department of Justice has launched an investigation, no official information has been released on a possible leaker.

Based on the geographical breadth of information and the NOFORN classification in the documents, there is speculation that the leaker is American, while two US officials told the Reuters news agency that the possibility of documents being altered to hide their origin was not ruled out.

Another official told Reuters that the investigators had four or five theories, ranging from a disgruntled employee to an inside threat looking to undermine US national security interests.

On Tuesday, US Defence Secretary Lloyd Austin stated that they will continue to investigate and turn over every rock until they find the source and extent of leaks.

Later that day, the director of the Central Intelligence Agency, William Burns, in a speech from Texas Rice University, said that the ongoing investigations for the source of leaks were quite intense.

### The Authenticity of the Documents

The Pentagon, on Sunday, stated that some of the documents "appear to contain sensitive and highly classified material". However, the defense department has steered clear of the authenticity of the documents, while consistently stressing that a few of the documents have been doctored.

One of the papers showed that the estimates of Russian military personnel deaths in Ukraine are significantly lower than that confirmed by the US. On Monday, Meagher told reporters that there have been necessary steps to take a closer look at how this information is distributed and to whom. He also stated that the disclosure of such sensitive information can have tremendous implications, not only for national security but could also lead to people losing their lives.

US National Security Council spokes-person, John Kirby acknowledged that the administration is clueless about the emergence of more pictures or documents in the coming days.

### The Contents of the Documents and Countries Involved

The documents seem to disclose extensive information, including sensitive information about the Russia-Ukraine War and US eavesd-ropping on its allies, including Israel and South Korea.

**Russia** - The documents reveal that the US penetrated much more than previously understood into Russian military forces and the Wagner Group, a mercenary organization.

The details about the internal planning of Russia's military intelligence agency, GRU were also referenced in the documents. Most of the information gathered on Russian troop movements was through human sources who are now possibly at risk.

**Ukraine** - If the documents are proven authentic, the leaks show that the US monitored Ukrainian President Volodymyr Zelenskyy's calls with military and defense officials, using signals intelligence.

**United Arab Emirates** - Another document shows that the US spies caught Russian intelligence officers boasting of having convinced UAE to work together against the UK and US intelligence agencies. However, the Emirati government dismissed the accusation of the UAE deepening its ties with Russian intelligence as "categorically false".

**Egypt** - One more leaked document shows that Egypt was planning to supply Russia with munitions and rockets. The paper was dated February 17 and claimed to summarise conversations between President Abdel Fattah el-Sisi and a few senior Egyptian military officials.

**Israel** - A document, that appears to be a CIA intelligence update, dated March 1, indicated that Mossad, Israel's intelligence agency, in a bid to weaken the independence of the judiciary, was encouraging its officers to take part in protests against their government's plans. Israel denied any involvement of Mossad in the anti-government protests.

**South Korea** - Another document seemingly indicated that the US spied on South Korea, but South Korean officials dismissed the claims saying that the details of the document are untrue and altered.

It also provided details of alleged internal discussions between top aides to the South Korean President that suggest that the US exerted pressure on Seoul to help supply the US with artillery shells, which could then be transported to Ukraine.

# A CASE STUDY ON SILICON VALLEY BANK

## Let's Take a Look At The Overlooked Aspects

By now, we all are aware of what has happened with Silicon Valley Bank. In this case study, we won't repeat what you already know. Instead, let us draw your attention towards three questions: Why is it that despite failing to live up to the expectations of VCs and startups, many have come forward to pledge support for the bank? What prompted the panic withdrawal of money from SVB? And lastly, why is it that the people not part of the tech industry almost clapped at the whole development while the Biden government took proactive steps to prevent the crisis from deteriorating further? In this case study, get ready to know things that most people aren't discussing.

### The Story of Walt Disney

Walt Disney was rejected more than 300 times by banks when he tried to secure a loan so that he could set up his first theme park. While the story is quite inspirational, it does force you to ask why he was rejected so many times. Well, it turns out that Walt Disney suffered from the same fate that modern-day startup founders suffer from - traditional banks found Walt Disney's idea of setting up theme parks 'highly risky.' They found his idea 'impractical.'

Fortunately, Walt Disney found a ray of hope when he went to the Commerce Bank in Kansas City. At that time, Commerce Bank used to offer loans against life insurance policies. And the interest rate for such loans was just 2% as opposed to the 6% interest charged by life insurance companies on similar kinds of loans. Walt Disney took a loan of $60,000 against his life insurance. It is this loan amount that ultimately enabled him to set up his very first theme park.

As you can see, history tells us that traditional banks have never been of help to startups.

### Why Are So Many VCs and Even Tech Companies Coming Out in Support of SVB Despite What Happened?

Just like the Commerce Bank helped Walt Disney to realise his dream, the Silicon Valley bank has been helping startup founders realise their dreams of setting up their companies. Forty years ago, Bill Biggerstaff and Robert Medearis identified the problem that startup founders faced in terms of securing loans. The two men set up the bank in 1983, and they never had to look back.

Before the birth of Silicon Valley Bank, startup founders had difficulty securing loans for their businesses. Providing loans to these startups is considered high-risk by these traditional banks.

This is where Silicon Valley Bank came as a saviour to these startups. The bank's processes have been made keeping the fluidity, uncertainty and risks involving these startups in mind. On the one hand, it offered its flagship venture debt services that helped early-stage startups immensely in securing much-needed liquidity. On the other hand, it went beyond its original aim of providing startups with easy-to-secure loans. In its prime time, the Silicon Valley Bank had a close association with leading venture capital firms. In fact, the bank even gave loans to venture capital firms. As part of their terms and conditions to fund startups, leading venture capital firms would instruct them to open an account with SVB.

The Silicon Valley Bank was the bridge between tech startups and venture capitalists. Silicon Valley Bank was key to creating a robust framework for tech startups to secure loans. This, in turn, kept the momentum of the breakneck growth of the tech industry steady.

Both the startup community and venture capital community have much to thank Silicon Valley Bank for. This is why, INSIDE the tech industry, most startups and VCs were actually sad instead of angry the day Silicon Valley Bank collapsed.

Now, before going to the second question, let's first look at the third one.

### Why Do People Outside the Tech Industry Seem Happy About the Fall of SVB? But Why Did the Biden Government Take Proactive Steps To Contain The Situation?

It seems the world is divided into two groups - the Silicon Valley group and the non-Silicon Valley group. There was a time when this division was not there. Back in the late 80s and early 90s, people at Silicon Valley innovated because they liked technology. Those young, restless guys of the 90s scoffed at big companies, had ideological differences with the authorities, and were driven by an incessant desire to innovate. Making money was secondary. Money, to them, was just a tool to turn their dreams of innovating into a reality.

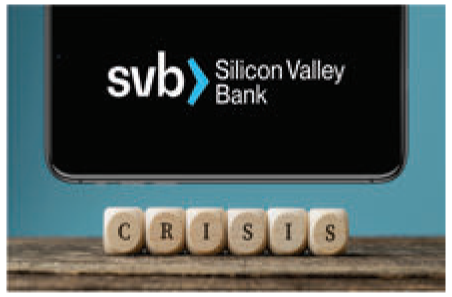
All the innovative technologies that have changed the way we live and work were invented during those glorious and revolutionary days of the 80s, 90s and the early 2000s. The World Wide Web, the hard disk, the DVD, and WiFi - everything came during this period.

Today, the tech industry has been hijacked by business leaders who are more interested in selling - not innovating. This over-financialisation of the tech industry forced it to reinvent the wheel instead of inventing something revolutionary. When it does invent something revolutionary, it disregards the ill effects that those new technologies would have on the people, their career and their lives. In the 90s, although the funding came from the rich guys, the decision makers were the tech guys.

Today, the decision-makers are the rich investors, and the tech guys have been reduced to just being workers. This is why the general public looks at the tech industry with suspicion. They are of the opinion that the industry does not have the welfare of society in mind. This is why, when the Silicon Valley Bank Collapsed, people outside the tech industry found no reason to shed tears. In 2008, people saw how no one was jailed for the collapse of Lehman Brothers. Lehman Brothers had been bailed by the government previously prior to the 2008 crash. And now, as SVB crashed, the collective opinion of the people was that the government must not bail it out. The Biden government did initially stop itself from intervening. However, it was forced to intervene soon... This leads us to the second part of the question.

### Contagion Effect - The Reason Why the Biden Government Had to Intervene

One of the first assurances that the Biden government made after the fall of SVB was that the money of every SVB customer would be returned. There is a reason why this announcement was perhaps the most important one during the whole episode. To understand this, we need to know what a contagion effect is. The contagion effect in the banking sector is the scenario when the financial troubles of one bank spill over to another. For example, if depositors of one bank start withdrawing money simultaneously, the depositors of another bank might panic and do the same thing. If left unchecked, this rush to withdraw money would spread to other banks across the country, resulting in the collapse of the banking sector. This is what the contagion effect looks like. The effective way to prevent depositors of various banks from panicking is to announce that the depositors of the troubled bank will get their money back. This is exactly why the Biden government took proactive steps to make sure that depositors don't panic.




### What Prompted Depositors to Pull Their Money Out?

Lastly, let us delve deeper and understand what happened that all of a sudden, so many depositors started pulling their money out. Remember, it is not that the bank was not successful. The bank has been profitable for years. However, some recent decisions taken by the bank, a letter from the CEO, and the ensuing panic - these three things prompted depositors to pull their money out. Here is a brief overview of the events that happened prior to the bank run.

During the two pandemic years - 2020 and 2021, the Federal government significantly lowered the Federal Reserve Rate of interest rate so much that it almost touched 0%. This low-interest rate prompted Venture Capitalists to borrow at a lower rate and invest the borrowed money in early-stage startups - through Silicon Valley Bank. Since startups got enough funding, the excess money remained in Silicon Valley Bank. Now, the mistake that the bank made was- it invested a significant portion of this excess money in longer-term mortgage-backed funds that had a maturity of 10 years. As the fed rate started climbing up from 2022 onwards, the VC money started drying up. But the cash burn levels for startups started climbing.

To cater to the increasing need for cash, SVB had to sell its Available-For-Sale asset at a loss of $1.8 billion. This was when the chief of the bank, Gregory Becker, sent a letter to its shareholders explaining what the bank did and what it was planning to do. This spooked the Venture capitalist firms, and it urged startups to pull their money out of SVB.

A section of the media speculated that had the VC firms not panicked and had they not privately (on Whatsapp or other messaging platforms) and publicly (on Twitter) urged startups to withdraw their money, the bank run would not have taken place. Some media houses preferred to call it the world's first Twitter fuelled bank run.

### The Bottom Line

The effect of the collapse of the Silicon Valley Bank will be felt across Silicon Valley. Although the bank has now been bought by First Citizens Bank, it is still not clear whether the new entity will continue nurturing the ecosystem that was created by SVB. While startups will eventually find some other entity that will come along to fill the gap, female founders and founders of colour will now have a hard time getting their loan requests approved. Silicon Valley Bank was known for its progressive views, and it quite publicly voiced support for women founders and founders belonging to ethnic minority groups. Will startup founders like Walt Dinsey now start facing rejection hundreds of times? Only time will tell.

# HOW THE UAE IS SETTING AN EXAMPLE FOR MENA COUNTRIES IN ATTRACTING FDI

FDI (Foreign Direct Investment) is a critical driver of economic growth in the MENA (Middle East and North Africa) region. FDI inflows into the MENA region have steadily increased over the past few years, with the UAE, Saudi Arabia, and Egypt being the top recipients. While the MENA region's FDI inflows have been largely concentrated in the oil and gas sector, there has also been a growing interest in other sectors, such as renewable energy, infrastructure, tourism, and real estate. The region's governments have been implementing policies to attract more investment to diversify their economies and reduce their reliance on fossil fuels.

For instance, Saudi Arabia has been implementing policies to attract FDI, such as the launch of the Saudi Vision 2030, which aims to diversify the country's economy away from oil and gas and create a more pro-business environment by establishing special economic zones, loosening social restrictions and constructing megaprojects such as The Line, The Oxagon and The Mukaab. Egypt has also been attracting more foreign capital in recent years, with the government implementing policies to encourage investment in infrastructure, real estate, and tourism. The country's new investment law, which offers tax incentives, streamlined regulatory procedures, and investor protection, has been modestly successful in attracting capital.

However, it is the UAE which has emerged as the top destination for investors in the MENA region, surpassing Saudi Arabia. The UAE's business-friendly environment, strategic location, diversified economy, and world-class infrastructure have made it an attractive destination par excellence for foreign investors. According to recent IMF data, the UAE has surpassed Saudi Arabia as the largest recipient of FDI in the region, with Dubai being the top destination for investment. Of the $56 billion invested in the MENA in 2022, a whopping $22 billion went just to the UAE, making up 4.3% of its GDP.

**Dubai acts as an island of calm amid global geopolitical storms.**

There are several reasons why Dubai and the United Arab Emirates have emerged as leading destinations for foreign direct investment in the MENA region. The UAE's stable political climate has made it an attractive option for foreign investors, with the UAE itself ranking first among MENA countries on the Foreign Direct Investment Confidence Index Emerging Markets (FDICI).

The country's ranking was justified by high GDP growth of 8.7% in 2022, sweeping pro-business reforms, a positive fiscal outlook, and accelerating economic diversification.

Dubai, in particular, has successfully attracted FDI due to its super-competitive business environment. The emirate's free zones, such as the Dubai International Financial Centre (DIFC) and Dubai Multi Commodities Centre (DMCC), have been instrumental in attracting foreign companies, as they provide them with tax incentives, 100% foreign ownership, and easier regulatory procedures.

In recent years, the UAE has seen an enormous surge in FDI in various sectors, including real estate, construction, renewable energy, and tourism. The country's real estate market, in particular, has been a significant driver of investment, with Dubai's property sector attracting investors from all over the world. Looking forward, the UAE aims to boost its upward trajectory by focusing on innovation and technology.

The country's ambitious plans, such as the UAE Vision 2021 and Dubai 2040, aim to transform the UAE into a knowledge-based economy, further cementing its position as a leading investment destination in the MENA region.

**Leveraging natural advantages....**

A key factor that has contributed to the UAE's success in attracting FDI is its strategic location. The UAE is situated at the crossroads of Europe, Asia, and Africa, making it an ideal location for businesses seeking exposure in these regions. The country's ports and airports are some of the busiest in the world, providing companies with easy access to global markets. The country's renowned airlines, such as Emirates and Etihad, play a crucial role in attracting tourism to the country.

Another important factor is its variegated economy. The country has moved away from a dependence on oil and gas and has diversified its economy into sectors such as finance, tourism, technology, and renewable energy. This diversification has made the country less vulnerable to fluctuations in energy prices. It has provided foreign investors with more opportunities in myriad sectors.

**....with intelligent and proactive policy**

The UAE's government has been very committed to attracting foreign investment. The country has established numerous free zones, which offer companies 100% foreign ownership, tax incentives, and streamlined regulatory procedures. These free zones have successfully attracted foreign companies and contributed significantly to the country's economic growth.

The UAE has also been extremely proactive in attracting foreign investment by signing numerous bilateral and free trade agreements with countries worldwide. These agreements provide a framework for investment and trade between the UAE and other countries, facilitating cross-border business activities and encouraging foreign investment.

Dubai, in particular, has been successful in attracting FDI due to its world-class infrastructure. The city has invested heavily in its infrastructure, including building some of the world's tallest buildings, such as the Burj Khalifa, Palm Jumeirah, Burj al-Arab and the Dubai Mall, which have all become iconic landmarks of the city.

The city's business environment is also highly competitive, with a low tax regime and a strong legal system.

Dubai and the UAE's success in attracting FDI is a testament to their commitment to creating a business-friendly environment and implementing policies that encourage investment. With the government's focus on innovation and technology, the UAE is poised to continue leading the MENA region for years to come. With the right policies and a hospitable environment, the MENA region can continue to attract more investment and promote economic growth, and the UAE is certainly blazing the trail for other countries.

# REPERCUSSIONS OF THE UNITED STATES DEFAULTING ON ITS DEBT

United States President Joe Biden and House Speaker Kevin McCarthy couldn't conclude whether the debt ceiling would be raised or the economy would be pushed to default on its $31.4 trillion mountain debt. The deadline is just a week ahead, sending shivers down to other economies that could face the heat if a deal is not formulated.

The default on loans would send the US economy into a recession. But Washington will not be alone in this mayhem; it will drag down the whole world. The world's reserve currency and America's most powerful weapon, the US Dollar, will be badly affected in terms of trust. This event will pull down other currencies pegged with dollars, like the Canadian and Australian Dollars.

Several other repercussions could be the drying up of orders from US sellers to factories in China, Vietnam or the Philippines. Global investors holding high positions in the US Treasury will have to face massive unrealised losses.

Almost every country has a significant amount of dollars in their forex reserves; their economy will take a hit as imports will become expensive.

The United States alone will be devastated at every nook and corner of the country if the White House defaults. According to the White House estimates, a brief default could lead to 500,000 job losses. In contrast, an extended default could blow away 8.3 million jobs. A week-long default can cause a loss of 1.5 million jobs.

### United States Debt

The world is closely monitoring the developments in debt negotiations because if things go down south, it will be catastrophic for the financial world. The US debt has been a major contributor to its economic prowess and the foundation for global trade. It has gained monopolistic power over global financial activity over several decades. A default can shatter the trust gained over decades as an ultra-safe asset. This would also push the $24 trillion market for Treasury debt into bone-chilling winter, freezing the financial markets and blowing up an international crisis.

Historically, Washington has managed to raise the debt ceiling on time without creating much of a political scene. Congress has raised, prolonged or revised the borrowing cap almost 78 times since the 1960s till 2021. A growing divide in the Congress party, increasing debt and spending, and deep tax cuts have led to the White House garnering criticism regarding the internal party crisis.

### Dollar Hegemony

The Dollar is the de facto ruler of the foreign reserves of other countries. As per the data from the International Monetary Fund (IMF), the US Dollar enjoys a whopping 58%t of forex reserves held by the central banks, followed by the Euro with 20% and the Yuan under 3%.

According to the Federal Reserve, 74% of Asian and 96% of American trade was invoiced in US dollars. In the European region, Euro is the dominant player; outside it, the Dollar accounted for 79% of trade.

The Dollar is so reliable that shrinking economies demand payment in dollars due to their tanking domestic currency. In Sri Lanka, shippers recently demanded payment in dollars for the supply of 1,000 containers of necessary food items. They had docked up at the Colombo port as the importers weren't able to pay suppliers in dollars.

Nihal Seneviratne, a spokesperson at Essential Food Importers and Traders Association, said that they couldn't trade without dollars.

### Treasury Trauma

The US Treasurys are popularly used as collateral for loans, a haven in times of crisis, a hedge against bank losses and a vault for the forex reserves of central banks. This undoubted safety has made the US government's debts, the Treasury bills, bonds and notes almost risk-free in the international bank regulations. Foreign governments and private investors hold 31% of the Treasury or $7.6 trillion of the debt in the financial markets.

A default would completely shatter this undoubted trust and unchallenged dominance of the Treasury. Global investors would doubt it as a haven. The capital outflow will make a dent in the growth story of the United States.

Since 1960, only once has the US technically defaulted due to a failure of payment on time. As per economists, if it defaults, the US stock market could fall by more than 20%, the economy would contract rapidly around 6%, and millions of jobs will be lost.



# BIDEN ADMINISTRATION VS. REPUBLICANS OVER FISCAL SPENDING AND DEFICIT

Biden administration, along with Republicans in the US Congress, is engaged in active discussions to end their fight over the agenda of raising the $31.4 trillion debt ceiling. Both sides have presented many proposals to reduce the deficit by trillions of dollars. The recently produced Biden budget for 2024 was $6.8 trillion. It aimed to increase the government's contribution towards healthcare, childcare, and many societal upgrades to pre-pandemic levels. It also showed signs of Biden's economic agenda to squeeze inequality. These contributions will be paid for by the increase in taxes levied on business corporations and wealthy Americans.

### Main Dispute

The core of the heated debate has been discretionary spending. These expenditures are made from a different pool of funds for various other matters unrelated to compulsory society upliftment measures like Social Security and Medicare.

Biden presented the 2024 fiscal budget, which proposes a 9.4 percent increase leading to $1.9 trillion in discretionary spending; this will be increased by approximately one percent on a yearly basis. This discretionary spending would expand the deficit by a staggering $2.23 trillion over 10 years. This would be managed by increasing taxes on the wealthy.

The Republicans proposed that the 2024 US discretionary spending be reduced back to $1.664 trillion, the 2022 level, which would put a ceiling on the annual increase of 1 percent only. As per the Congressional Budget Office (CBO), this would save $3.2 trillion over a span of 10 years. There is uncertainty as to how the reduction of 4.1 percent from 2023 of the $1.736 trillion level will be divided amongst welfare programs.

There was a substantial difference in the deficit reduction figures stated by both sides. The Biden administration proposed that a complete sanction of the 2024 fiscal budget would bring down the deficit gap by $2.857 trillion.

This White House figure was significantly lower than what the Republicans proposed. As per the Limit, Save, and Grow Act of the Republicans, they will reduce the deficit by $4.804 trillion over 10 years.

### Tax Regime

Republicans just proposed to revoke the clean energy tax credits and spending passed in the Inflation Reduction Act. This would save $540 billion over 10 years, as per CBO. This proposal had no signs of amending the present tax rates.

The Biden administration went heavy on tax credits, reducing them from every nook and corner to save the exchequer some extra billion dollars. They proposed canceling the green energy credits and various other tax breaks, including digital currency. This would save them $325 billion. They proposed some changes in the taxes for corporations which seemed like some communist move to heavily tax the rich in the name of social welfare.

They have proposed to alter the international tax rules, increase the corporate income tax rate from 21 percent to 28 percent, and also raise the taxes on corporate stock buybacks. These are just a few amongst several other business tax raises that are estimated to bring in $3 trillion over 10 years.

Surprisingly, they made a move that can bombard them with widespread criticism, authorising a 'billionaires tax'. They have proposed to levy a 25 percent tax on unrealized gains for the 0.01 percent of wealthy Americans. They also want to raise the individual tax rate from 37 percent to 39.6 percent and several other increments in capital gains and estate taxes. This would bring in an additional $985 billion into the government coffer.

### Educational Reforms

The Republicans said they would reverse Biden's student debt cancellation and expansion of income-driven student loan repayment plans. This would save $460 billion in expenses registered in the fiscal year 2022. The Biden administration has announced an expenditure of $1.1 trillion over 10 years; this money would go into free education, supporting medical leaves, child care, family welfare, and other higher education spending.

### Internal Revenue Service

Republicans will stop the $80 billion in IRS funding allowed by the signature bill passed by Biden's Democratic Party for improving enforcement, operations, and customer service. And as per CBO, this would stretch the deficit by $120 billion over 10 years. However, Biden has the exact opposite stance to outstretch the $80 billion in investments for the IRS for two more years.

This would increase the IRS budget by $1.8 billion. This increase will result in an extra $134.1 billion in expenditure over a decade.

Vista Estates in Prime Growth Centers Nationwide

Vista Land, the country's leading integrated property developer, continues to unveil prime developments of Vista Estates in Mega Manila, Luzon, Visayas and Mindanao.

The largest homebuilder is investing into these master planned estates, making good on its promise to continue creating superior offerings, and deliver excellent long-term investment growth.

## VERIDA
TOWERS

City of Balanga, Bataan

Within the sprawling 50-hectare eco-estate called Verida by Vista Estates stands the **Verida Towers**, inspired by the exquisite structures of Singapore — nature sanctuaries where one can enjoy the essentials of contemporary urban living within green spaces. The towers will be complemented by retail concepts, smart home features, sensory playground, to al fresco facilities — all promoting eco-tourism.

TLS-2-2023-012

Bataan's Premier Eco-estate

## ROSEVALE
TOWERS

City of Tuguegarao, Cagayan

Rising within the 100-hectare NuCiti by Vista Estates is its first offering, **Rosevale Towers**, a cluster of vertical residences fitted with innovative smart home technology features — the first of its kind in Tuguegarao City — including lifestyle sprawls, retail pads, and novel dining concepts. Rosevale is set to change the lifescapes in Cagayan Valley.

Life Blooms in the New City

## AUGUSTA
RESIDENCES AT GEORGIA

President Corazon Aquino Road (C1), Iloilo

The 500-hectare Georgia by Vista Estates offers the perfect synergy of countryside and enterprise. Within this lifestyle destination is **Augusta Residences**, a cluster of mid-rise mixed-use vertical residences. A tribute to its residents' dreams for modern, hip, and energetic lifestyle choices, Augusta will be a nexus complete with the iconic Vista Mall, dining options, a trendy hotel, and wellness and leisure hubs.

TLTS No. 007

Iloilo's Biggest Lifestyle Destination

## THE MIDTOWN
TOWERS

City of Canitoan, Cagayan de Oro

The Midtown by Vista Estates offers a coveted address. Inspired by global exhibition and entertainment venues, this estate will be a world-class convergence point, catering to the evolving lifestyles of Kagay-anons. Within it, **The Midtown Towers** will be constructed, featuring modern vertical residences with innovative home technology and stylish detailing. Amenities include clubhouses, swimming pools, play areas, parks, and gardens.

TLS 2021-008

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# NEOM FIRM TO SET UP THE WORLD'S LARGEST GREEN HYDROGEN FACILITY BY 2026


NEOM Green Hydrogen Co. has announced that they have signed a financial agreement with 23 local, regional, and international banks and investment firms for the world's largest green hydrogen plant, with an investment value of $8.4 billion.

This hydrogen production facility will be built in Oxagon, an industrial city in Saudi Arabia's NEOM. NGHC has decided upon the engineering, procurement, and construction (EPC) deal with Air Products. They were the nominated contractor and have been laden with the responsibility of the system integrator for the entire facility.

NEOM has joined hands with ACWA Power and Air Products. This collaboration will build the plant with 4 gigawatts of combined solar and wind energy, which will generate up to 600 tons of green hydrogen every single day by the end of 2026. This green hydrogen will be sold in the form of green ammonia as an affordable and sustainable alternative for the industrial and transportation sectors all across the world.

S&P Global, the second-party opinion provider, has given its certification for the inescapable financing structure of the mega project. They have stated that it is in compliance with the principles of green loan structuring and is one of the largest project financings in the pipeline under the green loan framework.

NEOM Green Hydrogen Company has made an exclusive agreement with Air Products by attaining a 30-year off-take agreement for all the green ammonia produced at the plant. This is anticipated to monetise the actual economic potential of clean energy over the entire value chain.

David R. Edmondson, Chief Executive Officer of NGHC, told news portals that they eagerly look forward to working with their partners, NEOM, ACWA Power, and Air Products. They have collectively secured financing for the world's largest green hydrogen plant with 23 banks and investment firms.

He added that they are setting up a one of its kind facility, the world's largest green hydrogen project. Despite having no prior experience in this sector and no other plant to look up to, they are entering unchartered territory of the green hydrogen and sustainable energy industry.

He said that NGHC is obliged to its stakeholders for their massive support and loyalty toward the project. This will help the company by utilising its experience and expertise to lead the global transition to a carbon-free future.

Nadhmi Al-Nasr, Chairman of NGHC and Chief Executive Officer of NEOM, said that the record financial support from the investment banks and firms represents the golden potential lying beneath the NGHC's green hydrogen project. The announcement of the financing closure will help them jump over directly towards setting up the plant, aligned with the vision of NEOM to accelerate renewable solutions.

The monetary support from the Saudi Industrial Development Fund and National Infrastructure Fund will help the project in utilising the ample natural resources available in the NEOM region. This will enable NGHC to lead the world in hydrogen evolution and lay down the foundation for the widespread acceptance of green hydrogen. This move will prove to be a giant step in achieving the sustainable goals of the Saudi Vision 2030.

ACWA Power, the global-level energy transition leader, and the Saudi national champion is proud to be a supporting character in the financial closure of the iconic green hydrogen project. This would strengthen their strong commitment to their partners to the Saudi Vision 2030. They have proven over time their experience in playing with innovative solutions and advanced technology to deliver green, affordable, and sustainable power, said Mohammad Abunayyan, the Chairman of ACWA Power.

Edmondson later notified that the Middle East and North African region has immense potential to transform into a powerhouse for green energy. The availability of large masses of barren lands is the perfect spot for such projects to set up due to the unobstructed sunlight and wind in the area. Previously, this region has held a major position on the global stage as a global energy producer and exporter, and this will make it easier to transition itself into a powerhouse of green hydrogen in the upcoming decades.

The Saudi Arabian Ministry of Industry and Mineral Resources awarded its first industrial operating license to NGHC in early January 2023. This was the stepping stone for the Saudi Kingdom to become the world leader in hydrogen production, besides maintaining its stronghold as a pivotal player in the energy sector.

# THAI BANK KRUNGSRI STRENGTHENS ASEAN PRESENCE THROUGH ACQUISITION OF SHB FINANCE

Krungsri (Bank of Ayudhya PCL), one of Thailand's largest financial institutions, has achieved a significant milestone by acquiring SHB Finance.

Krungsri (Bank of Ayudhya PCL), one of Thailand's largest financial institutions, has achieved a significant milestone by acquiring SHBank Finance Company Limited (SHB Finance), a prominent consumer finance business in Vietnam. The acquisition process involved the successful transfer of the initial 50% of SHB Finance's charter capital to Krungsri, with the remaining 50% set to be completed over the next three years pending approval. This development, following the capital transfer agreement announced on August 25, 2021, further solidifies Krungsri's position as a regional bank with a robust ASEAN network and aligns with its vision of becoming the preferred Thai bank connecting customers' needs across ASEAN.


Expressing his satisfaction with the completion of the capital transfer, Krungsri's President and Chief Executive Officer, Mr. Kenichi Yamato, extended a warm welcome to SHB Finance as the newest member of the Krungsri Group. He also expressed gratitude to the regulatory authorities for their approval and support. With the addition of SHB Finance to its portfolio, Krungsri significantly expands its presence across five ASEAN countries, demonstrating its commitment to meeting the diverse needs of customers throughout the region.

Vietnam's economy is anticipated to maintain a strong growth trajectory, driven by an annual growth potential of approximately 6-7% and thriving business opportunities arising from increased consumption. Krungsri, well-known as a leader in consumer finance, brings its expertise and experience to SHB Finance, enabling the latter to deliver enhanced smart and accessible consumer finance solutions to its customers. Krungsri is confident that the synergy between the two entities will bolster SHB Finance's brand, performance, and position as a top player in Vietnam's consumer finance market.

Ms. Olena Khlon, the Permanent Deputy Direction of SHB Finance, emphasized the immense potential of Vietnam's consumer finance market and highlighted the country as an attractive destination for foreign investors. She expressed optimism about the partnership with Krungsri, a reputable regional financial institution, and its role in propelling SHB Finance towards becoming one of the leading finance companies, dedicated to improving the lives of all customer segments.

As the fifth largest bank in Thailand based on assets, loans, and deposits, Krungsri has a strong presence not only in its home country but also in overseas markets. It operates businesses in Lao PDR, the Philippines, Cambodia, and most recently, Vietnam. Additionally, Krungsri maintains a representative office in Myanmar, further expanding its reach and influence across the Southeast Asian region.

The acquisition of SHB Finance signifies Krungsri's strategic efforts to strengthen its regional presence and capitalize on the promising opportunities within the ASEAN market. By leveraging its established reputation and leveraging the synergies between Krungsri and SHB Finance, the bank is poised to deliver comprehensive financial solutions that cater to the diverse needs of customers across the region.

With its continued expansion and commitment to excellence, Krungsri remains dedicated to maintaining the highest level of integrity in conducting its business operations. All companies within the Krungsri Group have received accreditation from the Private Sector Collective Action Coalition Against Corruption (CAC), highlighting their zero-tolerance approach to corruption and commitment to ethical practices.

SHB Finance is among the top 10 consumer finance companies in Vietnam and is recognized for its immense potential and advantages. Having operated for five years, SHB Finance has achieved significant milestones, including becoming an official partner of MasterCard and receiving a B3 rating from Moody's.

The collaboration with Krungsri, a reputable regional financial institution, positions SHB Finance for further growth and solidifies its position as one of the leading finance companies in Vietnam's consumer finance market. The acquisition of SHB Finance by Krungsri represents a significant development in the banking and finance industry within the ASEAN region. With their combined expertise and resources, Krungsri and SHB Finance are well-positioned to drive innovation, improve customer experiences, and contribute to the continued economic growth of Vietnam and the broader ASEAN community.



# SAUDI STOCK EXCHANGE - TRANSFORMING ITS CAPITAL MARKET

Saudi Arabia is a pivotal member of the Organisation of Petroleum Exporting Countries (OPEC), and it is a significant player in the global oil markets. Saudi Aramco is a well-known company globally, as it handles Saudi oil production and reserves. But little do we know about the emerging Saudi Arabia stock exchange, also known as Tadawul.

The Saudi Exchange had a total market capitalisation of SAR 9.87 trillion ($2.7 trillion) at the year-end of 2022, the largest in the middle east region and one of the fastest-growing stock exchanges in the world. Saudi has another parallel equity market - Nomu, with an m-cap of SAR 35.09 billion ($9.34 billion). These two markets have listed seven and eight companies, respectively, in Q4 2022.

Saudi Exchange is an investment driver for Saudi's diversification ambitions. It is bridging the gaps between the West and East. The Exchange's liquidity abundance, new-age infrastructure, crystalline operating systems, and cutting-edge technology have attracted strong foreign inflows across borders, making it a global financial hub.

**Saudi Vision 2023**

The Saudi Tadawul Group, the Exchange's parent company, and the Saudi Exchange are well aligned with the plans of Saudi Vision 2030. Deputy Crown Prince Mohammad Bin Salman has taken up the responsibility to reduce its dependence on crude oil and transition Saudi to a modern, vibrant, and diversified economy under the Saudi Vision 2030. In April 2021, the Saudi stock exchange was turned into the Saudi Tadawul Group. This enabled the group to operate efficiently and sustainably and grow the capital market. Both of them have collectively taken steps to build the necessary infrastructure for creating better opportunities for market participants. In 2022, they carried out several massive improvements in the post-trade settlements segment for better market efficiency. They have also launched single stock futures (SSFs) in the derivatives market. These are just a few steps taken from a huge list of improvements done last year. These steps have been undertaken with a focused aim to provide world-class services to market participants and help the economic growth for the success of Vision 2030.

**Foreign Direct investment**

The Saudi Kingdom has been a favourable investment location for Qualified foreign investors (QFIs) since long ago. Even the government authorities are working tirelessly to make their investment process seamless with the least amount of effort and time. For instance, in 2021, the Saudi Capital Market Authority relaxed the registration process and constraints for QFIs to invest with lesser restrictions. Such foreign investors contribute to a huge chunk of participation in the Saudi capital market. The QFIs numbers have gone up to 3,151 at the end of 2022 from just 118 at the end of 2017. They contribute 19.6 per cent of trading volume on the Saudi Exchange Main Market.

**Connecting with global markets**

The Saudi Exchange and Saudi Tadawul Group are collectively fostering an alliance with other developed markets in the Middle East and North Africa (MENA) region and far off as well. In December 2022, Americana Restaurants (AMR) with the Abu Dhabi Securities Exchange (ADX) had a dual listing, the first of its kind on the Saudi Exchange. The Americana Restaurants are spread across the MENA region and Kazakhstan, with a net profit of $204 million for the year 2021. It has brands like Baskin Robbins, Peet's Coffee, and TGI Fridays in its portfolio, operating under its more than 2,000 franchised restaurants. The Saudi Exchange signed new agreements with the Muscat Stock Exchange (MSX) to open its gates for the dual listing of companies in both markets. This deal happened in December 2022 when the first dual listing happened on the Exchange. The Saudi Exchange has also agreed on standing agreements with the Swiss Stock Exchange (SIX) to cooperate in cross-listings, innovation, ESG, etc.

Apart from other markets, the Saudi Exchange is working to connect large banks to improve the investment flow from offshore investors into the Saudi fixed-income market. For instance, in May 2022, a recent agreement with a Brussels-based international securities depository (ICSD), the Euroclear Bank, and the post-trading service provider of Deutsche Börse Group, the Clearstream, in July 2021 to offer investors barrier-less access to trade the Islamic bonds, sukuk, and other conventional bonds. The Sukuk bonds were included in the global index; they were joined with the FTSE Russell Emerging Market Government Bond Index (EMGBI) in April last year. This collaboration with the overseas financial markets shows the Crown Prince's plans to make Saudi a global financial hub.

**This also represents the interest of global investors in the Saudi Market.**

The Saudi Exchange and the Tadawul Group have picked up the responsibility of pooling global investors into the Saudi capital market to realise the dream of transforming the Saudi economy on its plans of Vision 2030. Both are working towards increasing developments in the MENA region and creating better opportunities for market participants in the Saudi capital market.

# GULF OIL COMPANIES PUSH FOR DIRECT AIR CAPTURE OF CARBON WITH STARTUP TECHNOLOGY

Gulf oil companies have been pushing the need to absorb carbon emissions – at the source itself – as a sustainable and affordable means to curb global warming. Climate experts don't consider it in front of their preached solution to reduce consumption of non-renewable sources for energy requirements.

The need to tackle the global warming issue has risen again, causing uneasiness in the Gulf region. This has led the Middle East energy giants to knock on the doors of tech startups seeking every possible way to curb carbon release and sustain oil sales.

Such technology is nowhere close to the scale which is needed to make a significant impact on the planet's heating. There are just a few companies with minuscule projects. With these hiked interests by companies with enormous investment potential, a turnaround in R&D can be anticipated.

At the recently held climate tech conference held in the capital city of UAE and home of ADNOC, Abu Dhabi, discussions around carbon capture amassed significant attention.

Tech startups presented their projects in carbon storage and capture (CCS). These projects separate carbon dioxide from the emissions of heavy industry and power plants. There were projects which possessed the ability for direct air capture (DAC), a newer technology that collects carbon dioxide directly from the atmosphere.

Gulf oil goliath's like Saudi Aramco and UAE's ADNOC have said that the global emission trajectory will witness a turnaround as the United Arab Emirates (UAE) conducts climate negotiations later this year. These negotiations will be held to spread awareness about the technology of reducing emissions instead of cutting down on oil.

Musabbeh Al Kaabi, ADNOC's executive director of low-carbon solutions, told media outlets that to achieve the industry and country's goal of net-zero emissions by the year 2050, carbon capture technology is the only viable option as per his views. He added that he is also interested in wind and solar energy but doesn't view them as problem-solvers.

The United Nations Intergovernmental Panel on Climate Change (IPCC) said that without carbon capture technology, the current fossil fuel infrastructure would delay the world's achievement of the safer global warming limit set in the Paris Deal of 1.5 degrees Celsius above the pre-industrial levels.

In support of IPCC, Sultan Al Jaber, CEO of ADNOC and UAE's climate ambassador, said last week that it is almost time to seriously start accepting the carbon capture from his post of President of COP28.

The difference of opinions between the oil companies' push towards carbon capture and environmentalists' demand to cut down on oil production has fueled a lot of heated debates. This topic is also perceived as the main agenda for the COP28 climate meeting in Dubai.

It is not a hidden fact that oil companies don't want to lose on their crude revenues due to reduced global oil demand owing to preserving the planet. This seems to be the primary reason why these companies have found a different approach to curb carbon emissions, i.e. Direct air capture (DAC) technology. It is a sound alternative, but it is at a nascent stage currently. Future investments and technological development will decide whether the world will adopt this tech or not.

Environmentalists and climate change experts complain that these oil companies are taking up the leadership for climate change because of their self-interests, which happens to be maintaining their oil sales. This has sparked rounds of complaining and counter-questioning amongst both sides.

Julien Jreissati described this "distraction", the programme director of Greenpeace MENA complained.

Kabbi from ADNOC countered Jreissati that the heavy engineering fleets and fat exchequers of the oil companies make them the appropriate torchbearers for climate change technology. He warned that the world has two alternatives; they could leave this to small players or let the giants boost global decarbonisation.

### Startup Investments

ADNOC has collaborated with 44.01 to build a capture facility in one of the seven emirates of UAE, Fujairah. 44.01 is an Oman-based company and the UK's Earthshot Prize winner for its technology that absorbs carbon dioxide from the atmosphere in peridotite rock.

Talal Hasan, CEO of 44.01, said at the UAE conference that in one ton of peridotite rock, they could mineralise 500-600 kilograms of CO2, meaning that with the rocks available in the region, the middle east can probably mineralise trillions of tons.


THE ANNUAL GLOBAL ECONOMICS AWARDS - 2022 (BKK)



THE ANNUAL GLOBAL ECONOMICS AWARDS - 2022 (DXB)


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

**Commercial Bank of Ceylon PLC,** Bangladesh
Best Foreign Bank

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

**Caye International Bank,** Belize
Best Offshore Private Bank

**Bradesco Global Private Bank,** Brazil
Best Private Bank
Best Bank for Wealth Management

**Banco do Brasil,** Brazil
Most Innovative Bank for Wealth Management

**SME Bank of Cambodia,** Cambodia
Fastest Growing SME Bank

**BanqueMisr,** Egypt
Most Socially Responsible Bank For Sustainable Development

**Banque Du Caire,** Egypt
Best Treasury and Correspondent Bank & 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

**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

**Mobilink Microfinance,** Pakistan
Most Innovative Microfinane Bank

**Meezan Bank,** Pakistan
Best Retail Bank

**Commercial Bank Of Ceylon PLC,** Sri Lanka
Best Digital Transformation In Banking & Best Retail Bank

**National Development Bank PLC,** Sri Lanka
Best Bank For Women Empowerment

**Al Rajhi Bank,** Saudi Arabia
Best Digital Transformation In Banking

**Taipei Fubon Bank,** Taiwan
Best Internet Banking Experiences
Best Customer Service Bank

**Krungthai Bank,** Thailand
Best CSR Bank & Excellence in Customer Service (Banking)

**HD Bank,** Vietnam
Most Innovative Mobile Banking Service Provider & Most Innovative Digital Bank

**Orient Commercial Joint Stock Bank (OCB),** Vietnam
Most Customer-Centric Digital Banking Service Provider

**BNP Paribas Asset Management,** Brazil
Best Pension Fund Manager
Most Innovative Asset Management Company

**Squared Financial,** Cyprus
Most Innovative Forex Trading Platform

**Japan Securities Finance Co,** Japan
Best Corporate Governance Practices (Finance)

**Inveslo Trading Ltd,** Kazakhstan
Fastest Growing Forex Brokerage Company & Best Practices In Transparent Trading

**NBK Capital,** Kuwait
Best Asset Management Company
Best Digital Trading Platform

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

**First Registrars And Investor Services Ltd**, Nigeria
Best Registrar Services

**QInvest,** Qatar
Best Investment Bank

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

**Alpha Capital For Financial Services,** Syria
Fastest Growing Equity Brokerage House & Most Innovative Equity Brokerage House

**Grovest,** South Africa
Most Innovative Alternative Investing Strategies (Small Cap)

**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

**Commercial Bank of Ceylon PLC,** Bangladesh
Best Foreign Bank

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

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Best Practices In Non-Performing Loan Management

**SCB10X,** Thailand
Fastest Growing Corporate Venture Capital Firm

**Fubon Securities,** Taiwan
Best Brokerage House

**FE CREDIT,** Vietnam
Best Sustainable Development Strategies In Consumer Finance
Best Digital Transformation In Consumer Loan Offerings

**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

**KFH Takaful,** Kuwait
Best Takaful 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

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

**Madinet Nasr for Housing and Development,** 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

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

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

**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

**We Are iQ**, Iraq
Best Fiber Internet Service Provider

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

**Lao Telecommunication Public Company,** Laos
Best Telecommunication 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
Most Innovative Embedded FinTech Solutions Provider

**SeedIn Technology Inc,** Philippines
Most Innovative P2P Lending Platform

**Interactive Smart Communications (ISC),** Saudi Arabia
Most Innovative Digital & Transformation Solutions Provider

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

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

**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

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

**XTrend Speed,** UK
Best Zero Spread Forex Broker

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

**SmartOSC Corporation,** Vietnam
Most Customer-centric eCommerce Partner

**CMC Telecom,** Vietnam
Excellence In Telecommunications Services & Data Management

**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

**WP Energy Public Company Limited,** Thailand
Best Place to Work (LPG)

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

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

**eSmartHealth Limited,** Hong Kong
Most Innovative Digital Healthcare Management Platform ( DrGo )

**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

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

Best Emerging Leader in Digital Advertising Technology
**Mr. K.A.M. Rashedul Mazid**
Raise IT Solutions, Bangladesh

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

# Nominations

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