

# DRAGHI MUM ON STIMULUS, PLEADS FOR OPEN TRADE

## ECB CALL TO COMBAT ANTI-GLOBALIZATION

**WASHINGTON:** European Central Bank chief Mario Draghi on Friday delivered a plea for maintaining trade liberalization but acknowledged the widespread perception that lowered trade barriers had fueled inequality.

However, Draghi's widely anticipated address to an annual gathering of global central bankers in Jackson Hole, Wyoming made no mention of when the ECB may wind down its multi-trillion-euro bond-buying stimulus program adopted in the wake of the 2008 financial crisis. The decision not to discuss Europe's "quantitative easing" policy saw the euro's value spike against the dollar, with the European currency up nearly 2.5

Draghi said that without greater productivity growth the current recovery cycle would "converge downwards" to slower growth rates, according to prepared remarks.

But he also warned against the threat of protectionism, which has risen as the developed world grows increasingly discontented with free trade. "People are concerned about whether openness is fair, whether it is safe and whether it is equitable," Draghi said.

Britain's shock vote to exit the European Union and Donald Trump's nationalist presidential campaign opposing open borders have sent waves of unease through quarters that normally

### Globalization

Draghi said that the global economy is strengthening but warned that countries must work together to resist a growing backlash against open trade. Draghi told an annual conference of central bankers in Jackson Hole that multi-lateral cooperation is crucial to reassuring workers who worry that free trade puts their jobs at risk. He said advanced economies need to ensure that an open global economy preserves fairness, safety and equity for their labor forces.

In his speech, Draghi did not address the financial health of the eurozone, which includes the 19 nations that share the euro currency. Some investors had expected him to send some signal about when the ECB will begin slowing its monthly bond purchases, which have been intended to keep borrowing rates low but are less needed now that the European economy is improving. The ECB is expected to take up the issue when its policymakers meet next month.

In a question-and-answer session after his speech, Draghi was asked how he thought the ECB's bond buying program had worked. Draghi had used a speech three years ago in Jackson Hole to signal that the ECB was considering following the lead of the Federal Reserve and launching bond purchases to try to lower long-term loan rates at a time when many nations were struggling to emerge from a deep recession. Draghi said he felt that the efforts the ECB had made had worked "very well" and that the bond purchases had been "very successful because the recovery ... is gaining ground."

But he said there were still factors slowing the rebound, including the slowness of wage gains. Because of that, he said, "a significant degree of monetary accommodation is still warranted." When Draghi first suggested a few months ago that the ECB might begin paring its bond purchases, the comment sent the euro rising in value against the dollar, a development that has hurt European exports by making them costlier. The euro's rise also complicated the ECB's efforts to increase undesirably low inflation.

Since then, Draghi has been cautious in sending any signals that a reduction in bond purchases could be occurring. The ECB is expected to discuss the issue at its meetings this fall. Many analysts expect the ECB to decide to begin a gradual reduction in the size of the monthly bond purchases, perhaps beginning next year. — Agencies



**FRANKFURT:** Mario Draghi, president of the European Central Bank, speaks during a news conference in Frankfurt.—AP

percent against the greenback following the release of Draghi's remarks at 1900 GMT.

Both Draghi and Federal Reserve Chair Janet Yellen skirted discussion of pressing policy matters in their remarks at Jackson Hole on Friday so as not to unsettle markets. "After all the excitement about possible Draghi fireworks in Jackson Hole, the just delivered speech was an anti-climax, a non-starter," said Carsten Brzeski and Bert Colijn of ING in a research note. "The demand for an ECB game plan on tapering will only get stronger and Draghi will have to address it."

promote trade liberalization, such as the International Monetary Fund and World Bank.

"A turn towards protectionism would pose a serious risk for continued productivity growth and potential growth in the global economy," Draghi said. He called for stronger public policies to support those left behind by globalization, including education and vocational training. "Taking a stand against race-to-the-bottom dynamics that threaten labor protections calls for a common regulatory approach," Draghi said, noting that European social safeguards had helped prevent this.

# FRANCE TO LOAN 430M EUROS TO IRAQ: MINISTRY

**BAGHDAD:** France is to grant a 430-million euro loan to Iraq whose economy has been weakened by low oil prices and its fight against jihadists, a French foreign ministry official said yesterday. Foreign Minister Jean-Yves Le Drian made the announcement during talks in Baghdad with Iraq's Prime Minister Haider al-Abadi and said the 430 million euros (\$512-million) would be released before the end of 2017, the official told AFP.

"France was present from the beginning of the battles against Daesh (Islamic State group) and will be present as well during time of peace," said Le Drian, who was accompanied by Defence Minister Florence Parly. The loan is aimed at helping the war-torn country implement reforms, improve public services and

boost the performance of its state enterprises. Le Drian also handed Abadi an invitation from French President Emmanuel Macron to visit Paris. The visit by France's foreign and defence ministers come as Iraqi forces announced the ouster of the Islamic State group from the centre of Tal Afar, one of the jihadists' last remaining stronghold in the north. The advance, just days into an assault on the strategic town, comes six weeks after Abadi declared victory over IS in second city Mosul, where the jihadist group declared its "caliphate" in 2014. One the plane to Baghdad, Le Drian said that Iraq now faced the dual challenge of "a war that is coming to an end and the beginning of the stabilization and reconstruction". —AFP

# CHINA BANS NEW BUSINESS VENTURE BY N KOREANS

**BEIJING:** China's commerce ministry has banned North Korean nationals from setting up new businesses in the country, enforcing recent UN sanctions as Washington urges Beijing to do more to curb its ally's nuclear ambitions.

The ban, effective immediately, came as Pyongyang launched three short-range missiles yesterday according to the US military, reviving tensions days after President Donald Trump said the isolated regime was starting to show Washington some "respect". Beijing has been under pressure from Washington to rein in its neighbor,

which relies heavily on the Asian giant for its economic survival, and the ban is the latest attempt by China to dispel US concerns over its close ties with Pyongyang.

China, which is the recipient of some 90 percent of North Korea's exports, earlier this month said it would suspend its imports of iron, lead and seafood from the country after halting its coal purchases in mid-February. Under the new measures, North Korean nationals will not be allowed to establish any new company in China, whether it is a joint venture with a Chinese partner or a firm with foreign capital. —AFP



**SEOUL:** South Korean protesters sit near the banner with a picture of Lee Jae-yong, vice chairman of Samsung Electronics, near the Seoul Central District Court in Seoul on Friday.—AP

# SAMSUNG CHIEF LEE IS JAILED: HERE'S WHAT YOU NEED TO KNOW

**SEOUL:** Samsung heir Lee Jae-yong, the de facto leader of South Korea's most successful business group, was sentenced Friday to five years prison for offering bribes and other crimes.

Lee, 49, was groomed to lead the conglomerate that was founded by his grandfather and became such a dominating force in South Korea that it's mockingly called "Republic of Samsung" by the public. He took a higher profile role at the world's largest maker of smartphones, television sets and microchips that power consumer electronics after his father suffered a heart attack in 2014 and was poised to cement control. Instead, at the end of last year Lee was implicated in a massive political scandal that culminated in President Park Geun-hye's ouster.

The court said he was guilty of offering bribes to the former president and her close friend Choi Soon-sil to facilitate a smooth handover of power at Samsung, which is a publicly traded company. Park and Choi are also on trial. A Samsung lawyer said the guilty verdict would be appealed.

### Has Lee lost his hold on Samsung?

It's almost a rite of passage for the bosses of family-controlled South Korean conglomerates known as chaebol to go to prison for white collar crimes only to later make a comeback. Some were pardoned and others got sentences reduced on appeal. Lee's own father was twice convicted for tax evasion but received a special presidential pardon so he could help South Korea win its bid to host the Winter Olympics for the first time.

But the princeling's case may be different because the public is increasingly unwilling to indulge the double standards long enjoyed by families who were lionized a generation ago for helping to turn South Korea into a manufacturing powerhouse. The ousted Park's replacement as president, Moon Jae-in, was elected on hopes his administration would end cozy ties between government and business and end the emperor-like rule of chaebol families. "It's an entirely different world now," said Park Sang-in, a professor at Seoul National University. "The public's perception of the problems at chaebol and the need to reform chaebol has significantly changed."

Perceptions of Lee's business competence have also been damaged by the trial. To insist on his innocence, he gave testimony that made him appear clueless and not in charge. "He was stumbling, stammering, unsure of the basic functions of his own company and its offices," said Geoffrey Cain, the author of an upcoming book on Samsung.

### How has the public reacted?

Many expected Lee would get a prison sentence because the judiciary has been criticized for past leniency toward major white collar crime. Lee's sentence is among the longest prison terms ever handed out in South Korea to a member of a prominent business fami-

ly. Usually they get suspended sentences or pardons. Civic groups said sentencing Lee to prison time was a meaningful step toward justice. But others thought the punishment was too light.

"I think the court should have accepted prosecutors' request for 12 years in prison," said Choi Sukun, a 37-year-old teacher in Seoul. "Given the gravity of the case, I think the ruling is too generous." Business lobby groups, while refraining from openly criticizing the verdict, expressed concerns that Lee's absence from the helm of Samsung would take a toll on the South Korean economy, given Samsung accounts for about one fifth of the nation's exports.

"Samsung Electronics represents South Korea as a global company so we are deeply worried about the fallout from his long absence," said a spokesman at the Korea Employers Federation, a pro-business lobby group. "It will be a disaster not just to an individual company but to the nation's economy." But South Korea's presidential office took the verdict as a step forward, issuing an unusual commentary on a court ruling. "We hope that it would pave the way to end persistent government-business collusion," a presidential spokesman said, according to Yonhap.

### Is Samsung's future in jeopardy?

Samsung Electronics, the crown jewel of the Samsung group, has reported record profits despite Lee's arrest in February and a damaging recall for Galaxy Note 7 phones that were prone to battery fires. The financial success was largely thanks to events set in motion by Lee's father in the 1990s. The elder Lee made the decision to break into the memory chip industry and followed up with massive and risky investments that rivals could not match every year.

Those investments are paying off. Samsung, the world's largest maker of memory chips for servers, mobile devices and computers, was the biggest beneficiary of supply constraints and explosive demand for mobile devices that pushed up prices. The boom in the memory chip industry is expected to last a couple of years. Longer term, however, some analysts see risks for Samsung and its flagship Samsung Electronics.

"South Korea's chaebol system is similar to monarchy," said Park, the Seoul National University professor. "In the monarchy system, you need a king." There is also potential for a destabilizing family feud over inheritance when the elder Lee dies. "Samsung was in the middle of change and that has stopped," said Park Ju-gun, chief executive at CEO Score, a private corporate watchdog. "That is a big risk." But one tech analyst in the US, Carolina Milanesi of Creative Strategies, doubts the imprisonment will knock the company off its perch as the world's leading maker of smartphones. That's because key decisions about Samsung's smartphones are already being made by DJ Koh, who will remain in his role as president of the company's mobile division. —AP

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Nepali Rupees	2.981
Singapore Dollar	223.020
Hongkong Dollar	38.695
Bangladesh Taka	3.737
Philippine Peso	5.988
Thai Baht	9.127

  

GCC COUNTRIES	
Saudi Riyal	80.787
Qatari Riyal	83.207
Omani Riyal	786.772
Bahraini Dinar	804.444
UAE Dirham	82.482

  

ARAB COUNTRIES	
Egyptian Pound - Cash	21.200
Egyptian Pound - Transfer	16.972
Yemen Riyal/for 1000	1.216
Tunisian Dinar	127.210
Jordanian Dinar	427.490
Lebanese Lira/for 1000	2.018
Syrian Lira	2.159
Morocco Dirham	32.414

  

EUROPEAN & AMERICAN COUNTRIES	
US Dollar Transfer	302.750
Euro	356.940
Sterling Pound	395.540
Canadian dollar	239.710
Turkish lira	85.890

Swiss Franc	316.020
Australian Dollar	240.230
US Dollar Buying	301.550

GOLD	
20 Gram	249.070
10 Gram	127.450
5 Gram	64.570

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Swiss Frank	293.689
Bahrain Dinar	801.467
UAE Dirhams	82.688
Qatari Riyals	83.883
Saudi Riyals	81.501
Jordanian Dinar	426.983
Egyptian Pound	17.081
Sri Lankan Rupees	1.978
Indian Rupees	4.724
Pakistani Rupees	2.868
Bangladesh Taka	3.741
Philippines Peso	5.927
Cyprus pound	17.988
Japanese Yen	3.766
Syrian Pound	1.588
Nepalese Rupees	2.950
Malaysian Ringgit	71.517

Chinese Yuan Renminbi	45.788
Thai Bhat	10.049
Turkish Lira	87.212

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CURRENCY	BUY Europe	SELL
British Pound	0.384421	0.394421
Czech Korune	0.005820	0.017820
Danish Krone	0.044470	0.049470
Euro	0.355830	0.364830
Georgian Lari	0.134799	0.134799
Norwegian Krone	0.035041	0.040241
Romanian Leu	0.081608	0.081608
Russian ruble	0.005131	0.005131
Slovakia	0.009018	0.019018
Swedish Krona	0.033987	0.038987
Swiss Franc	0.310344	0.321344

  

Australasia	BUY	SELL
Australian Dollar	0.232201	0.244201
New Zealand Dollar	0.213367	0.222867

  

America	BUY	SELL
Canadian Dollar	0.237433	0.246433
US Dollars	0.298550	0.302970
US Dollars Mint	0.299050	0.302970

  

Asia	BUY	SELL
Bangladesh Taka	0.003244	0.003828
Chinese Yuan	0.043906	0.047406

Hong Kong Dollar	0.036811	0.039561
Indian Rupee	0.004159	0.004847
Indonesian Rupiah	0.000018	0.000024
Japanese Yen	0.002688	0.002868
Korean Won	0.000260	0.000275
Malaysian Ringgit	0.067299	0.073299
Nepalese Rupee	0.003020	0.003190
Pakistan Rupee	0.002691	0.002981
Philippine Peso	0.005809	0.006109
Singapore Dollar	0.217891	0.227891
Sri Lankan Rupee	0.001597	0.002177
Taiwan	0.009999	0.010179
Thai Baht	0.008764	0.009314

  

Arab	BUY	SELL
Bahraini Dinar	0.796004	0.804504
Egyptian Pound	0.014352	0.020260
Iranian Riyal	0.000084	0.000085
Iraqi Dinar	0.000191	0.000251
Jordanian Dinar	0.422259	0.431259
Kuwaiti Dinar	1.000000	1.000000
Lebanese Pound	0.000155	0.000255
Moroccan Dirhams	0.020821	0.044821
Omani Riyal	0.779684	0.785364
Qatar Riyal	0.078841	0.083781
Saudi Riyal	0.079620	0.080920
Syrian Pound	0.001283	0.001503
Tunisian Dinar	0.120682	0.128682
Turkish Lira	0.082489	0.092789
UAE Dirhams	0.080975	0.082789
Yemeni Riyal	0.000984	0.001064