



Mabane continues expansion on success of The Avenues Kuwait



LONDON: Governor of the Bank of England, Mark Carney (L) and Britain's Chancellor of the Exchequer, Philip Hammond gesture during the International Fintech Conference in London yesterday. — AFP

WTO EYES FEEBLE GLOBAL TRADE RECOVERY IN 2017

THREAT OF PROTECTIONISM, OTHER UNCERTAINTIES HAMPER TRADE ACTIVITY

GENEVA: The World Trade Organization said yesterday it expected global trade to rebound slightly in 2017 but warned the threat of protectionism and other uncertainties risked hampering the recovery. The organization forecast that global trade would expand by 2.4 percent in 2017, up from just 1.3 percent last year.

But it cautioned that "the unpredictable direction of the global economy in the near term and the lack of clarity about government action on monetary, fiscal and trade policies raises the risk that trade activity will be stifled", acknowledging that trade growth this year could fall anywhere between 1.8 and 3.6 percent. Among the "policy shocks" that could easily send trade growth to the lower end of that range, it said, was the potential effect of Britain's decision to leave the European Union, and a growing trend towards protectionist policies, including in the United States.

"Trade has the potential to strengthen global growth if the movement of goods and supply of services across borders remains largely unfettered," WTO chief Roberto Azevedo said in the statement. But he warned: "If policymakers attempt to address job losses at home with severe restrictions on imports, trade cannot help boost growth and may even constitute a drag on the

recovery." The WTO, which sets the rules of global commerce, has long been sounding the alarm over the "threat of creeping protectionism", exemplified in a steady flow of protectionist rhetoric from US President Donald Trump's administration.

Trump, who kicked off his presidency in January vowing to put "America First" and has blamed globalized trade for US economic woes and lost industrial jobs, has promised a more aggressive approach to open up foreign markets to US companies and has threatened to slap import duties on certain goods. The US also refused at a G20 meeting in March to renew a long-standing anti-protectionist pledge, to the dismay of the group of top developed and developing nations.

'Be patient'

Azevedo declined yesterday to comment directly on the US position, saying he was waiting for Washington to appoint a new representative to the WTO to launch a dialogue.

"We have to be patient and wait," he told reporters. The WTO chief did acknowledge that "trade does cause some economic dislocation in certain communities." But he stressed that "its adverse effects should not be overstated, nor



GENEVA: Director General of the World Trade Organization, WTO, Brazilian Roberto Azevedo speaks during a press conference at the headquarters of the WTO in Geneva yesterday. — AP

should they obscure its benefits in terms of growth, development and job creation." "We should see trade as part of the solution to economic difficulties, not part of the problem," he said.

The sluggish trade growth last year—the weakest since the financial crisis—was in part due to

slower economic activity overall, "but it also reflected deeper structural changes in the relationship between trade and economic output," the WTO report said. It pointed out that slumping investment spending in the United States and China's shifting focus from investment to consumption had significantly dampened import demand. WTO's trade growth forecast for this year meanwhile looks more promising, even better for next year, when the Geneva-based body forecasts growth of between 2.1 and 4.0 percent. But WTO stressed that its more promising forecasts were predicated on a number of assumptions, including on anticipated economic growth this year of 2.7 percent and next year of 2.8 percent, up from 2.3 percent GDP growth in 2016. Trade is a key measure of the health of the global economy, which it both stimulates and reflects. Historically, the volume of world merchandise trade has tended to grow about 1.5 times faster than global economic growth, but since the 2008 financial crisis the ratio of trade growth to GDP growth has fallen to around 1:1, WTO said.

Last year marked the first time since 2001 that trade grew at a slower pace than the economy, with the ratio dipping to 0.6:1, it said. — AFP

LAGARDE: 'HALFWAY' THERE ON GREEK BAILOUT TALKS

BRUSSELS: International Monetary Fund chief Christine Lagarde said yesterday Greece was heading in the right direction on reforms, but talks on its bailout review and the IMF's potential role in it were "only halfway through". Last week, eurozone finance ministers agreed on the key elements of reforms that Greece needs to implement in exchange for a new loan under its 86 billion-euro bailout program, the third since 2010.

The loan is needed to pay debt due in July, but talks continue and the IMF has not yet decided whether to join the bailout. The fund's participation is seen as a condition for Germany to unblock new funds to Greece. "What I have seen in the last couple of weeks is heading in the right direction," Lagarde told a conference in Brussels, but "we are only halfway through in the discussions." She reiterated Greece's debt - now 178 percent of gross domestic product - will need



BRUSSELS: International Monetary Fund (IMF) Managing Director, French Christine Lagarde, gives a talk about the global outlook and policy priorities ahead of the upcoming 2017 IMF spring meetings yesterday. — AFP

to be restructured to guarantee the stability of the country's finances.

The scope of any restructuring "will be decided at the end of the program," but "the modalities have to be decided upfront," Lagarde said. Germany, the largest European

Union economy, opposes debt relief, believing that agreed reforms are enough to sustain financial stability. But Berlin still wants the IMF to join the bailout, now provided by eurozone governments alone, to make it more effective and less expensive

for euro zone countries. Talks between Greece and its lenders are continuing and no date is fixed yet for negotiators to return to Athens. The Greek government believes talks may resume in Athens after the IMF spring meetings on April 21-23.

"We are still elaborating under what terms we could possibly give some lending to the country. We are not there yet," Lagarde said, adding any IMF loan to Greece would have to abide by strict conditions and no special treatment can be expected for Athens.

The IMF wants pension costs to be cut and the threshold for tax exemptions to be lowered. Athens has accepted the reforms, worth 2 percent of its gross domestic product, but it wants to link their application to a reduction of its public debt burden. Lagarde said the additional belt-tightening measures could be implemented "as soon as the conditions of growth are consolidated." — Reuters

OPEC SAYS OIL DEAL BEARING FRUIT, BUT US PUMPING MORE

PARIS: World oil production fell in March thanks to a deal to cut output, OPEC said yesterday but the cartel's efforts to fight a global glut are threatened by American firms pumping oil with gusto.

The world produced a total of 95.82 million barrels per day (mb/d) last month, a fall of 230,000 barrels from February, the Organization of the Petroleum Exporting Countries said in its monthly report.

The production by OPEC itself, which accounts for about a third of the world's output, fell by 153,000 barrels per day to 31.93 mb/d, according to secondary sources cited in the report. This takes it below a target included in an output reduction deal by OPEC and some non-OPEC producers including Russia which came into force on January 1 for an initial run of six months. The initiative has prompted a recovery in global oil prices, in turn attracting many American higher-cost producers back into the market as they can operate profitably again.

This means that the combined output of

non-OPEC producers, which fell to 57.32 mb/d last year, is now likely to recover to 57.89 mb/d this year, which would represent a rise of 580,000 barrels per day, OPEC said. Of the total rise, 540,000 barrels per day would be produced by the US, a higher level than previously predicted.

Reports have suggested that the cartel, prompted by kingpin Saudi Arabia, may extend the output cut deal by another six months when its members meet at the end of May. The Wall Street Journal, citing people familiar with the matter, said yesterday that Saudi Arabia has told its fellow OPEC members that it wants the deal renewed.

Hopes for an extended period of cuts helped the oil price recover yesterday, with US benchmark WTI up 0.4 percent on the day at \$53.62 and Brent 0.5 percent higher at \$6.51 in the early European afternoon. Meanwhile, global demand for oil is likely to rise by 1.27 mb/d this year, a slight upward revision from OPEC's previous estimate, the cartel said in its report. — AFP