

Departing Draghi looks to bind wounds at ECB

Critics launch barrage of criticism against Italian economist

FRANKFURT AM MAIN: At his final press conference yesterday, departing European Central Bank president Mario Draghi will downplay differences among policymakers over September's big-bang stimulus package, hoping to limit their impact on the institution's effectiveness, analysts predict. While he is widely credited with saving the euro, critics inside and outside the ECB have since last month launched a rarely seen barrage of criticism against the Italian economist.

"The only disturbing factor of Draghi's farewell party is the ongoing 'war of the roses'," ING economist Carsten Brzeski said, predicting "therapeutical moments" around the governing council table. Florian Hense of Berenberg bank said Draghi would highlight that "despite some differences, the governing council members agree on many points." The pressure to bind lingering wounds will be high, as AFP learned incoming chief Christine Lagarde will attend the last meeting before she takes office on November 1 as an observer. Some analysts have warned that last month's eruption of infighting has weakened the weight of the ECB's words on financial markets.

In September, ECB further lowered its interest rate on banks' deposits into negative territory, at -0.5 percent, and loosened conditions on a new round of cheap credit to lenders. Most controversially, it again fired up "quantitative easing" (QE) bond-buying purchases to the tune of 20 billion euros (\$22.4 billion) per month from next month, less than a year after setting them to idle last December. Central bank governors from core eurozone economies like France, Germany and the Netherlands all criticized the move, while a German ECB board member resigned.

Super Mario

September looked like the last encore for a solo artist who repeatedly succeeded in bending the ECB to his will. Since taking

the reins in 2011, Draghi has been credited above all with saving the euro during its existential debt crisis. That rescue came only with help from hefty cash injections—including 2.6 trillion euros of QE—and record low interest rates. Both earned him the ire of conservatives, especially in Germany, who say he has harmed savers.

As he departs after five years of recovery and 11 million jobs created, Draghi leaves former French finance minister and International Monetary Fund (IMF) chief Lagarde to confront a eurozone apparently running out of steam. Last week, the IMF forecast eurozone economic growth of just 1.2 percent this year and 1.4 percent in 2020. And present inflation is far from the ECB's target of just below two percent, fuelling debate on whether the institution should revise the goal altogether.

Lingering threats

An official account of September's governing council meeting showed broad agreement on the need for further supportive steps, as the ECB's own forecasts showed inflation falling short of its goal out to 2021. Meanwhile US trade confrontations with the European Union and China show no sign of letting up and other foreign sources of uncertainty like Brexit persist.

"Draghi's final gift as ECB president will have been to pass on to his successor, Ms Lagarde, a hefty yet extremely flexible package of policy measures" to tackle such headwinds, said Chiara Zangarelli of Nomura bank. However, Lagarde "will have to adjust this complex package to economic conditions as it sees fit in a way that deals with low inflation, declining inflation expectations and a divided Council" all at once, she added.

Meanwhile, as the growth outlook has ebbed, the ECB has intensified its calls for governments to loosen their purse strings. Lagarde is likely to persist in urging capitals to do more to boost growth and inflation, echoing her IMF role. "The ECB is rightly



FRANKFURT AM MAIN: Mario Draghi, President of the European Central Bank (ECB), addresses the media during a press conference following the meeting of the Governing Council in Frankfurt am Main, western Germany. — AFP

worried about the balance between monetary and fiscal policy" after years fighting its inflation battle almost alone, economist Christian Odendahl of the Centre for European Reform told AFP.

Last month, German Chancellor Angela Merkel said governments shouldn't "overstretch" monetary policy in an apparent recognition of the ECB's woes. And Germany's nomination Wednesday of Isabel Schnabel, an economist who has often defended the ECB against critics, to replace Sabine Lautenschlaeger is widely seen as an olive branch from Berlin. — AFP

Markaz speaks at Future Investment Initiative in Riyadh

KUWAIT: Kuwait Financial Centre "Markaz" has announced its participation as a speaker at the plenary session of the first day of "Future Investment Initiative", on October 29 at 2.15 pm at Ritz Carlton, Riyadh, KSA. The initiative is held under the Patronage of the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al-Saud, and the leadership of HRH Prince Mohammed bin Salman bin Abdulaziz, the Crown Prince, Deputy Prime Minister, Chairman of the Council of Economic and Development Affairs and Chairman of the Public Investment Fund (PIF).

The initiative is organized on October 29-31 2019 by PIF, the investment arm of KSA and one of the largest sovereign funds globally. Organized around the overall theme of 'What is next for global business?' the event will focus on three key pillars:

- 1) Sustainable future: Exploring new innovations and investment models that can support profit, people and planet
- 2). Technology for good: Business and policy frameworks that can guide the future growth of the tech industry
- 3). Advanced society: Cultural and organizational systems that can inspire humanity in the age of machines.

Mr Manaf A Alhajeri, CEO of Markaz, will shed light, through his participation as a speaker in the plenary session titled Trading Places: What new financial centers are rising up around the world?, on a number of key topics such as Why

now? London, New York, and Hong Kong might be the world's great financial capitals, but as economic and geopolitical shifts create a new global order, a new establishment is emerging.

Urgent questions? In post-Brexit Europe, how will Dublin, Frankfurt, and Luxembourg differentiate themselves to capture business leaving London? In Asia, cities such as Singapore, Kuala Lumpur and Busan are rising as are Tianjin, New Delhi, and Baku - what factors are fueling this rise? In the Gulf region, Riyadh is attracting significant financial firms, as are Dubai and Abu Dhabi. Will this success establish MENA as a major global financial player?

Key takeaways? What these ambitious upstart cities are doing to attract global financial capital and become the bustling financial hubs of the future. In addition to Alhajeri, FII will bring together decision makers, leading investors and global experts to explore future economic trends and opportunities, shed light on the future of industries, and discuss how investment can continue to drive overall global prosperity and development.

In this context, Alhajeri said, "This initiative is part of the notable movements undertaken by CGG countries to attract



Manaf Al-Hajeri

international investments to the region. Changes achieved and reforms enacted in the past five years in the GCC region are important. GCC governments are veering towards 'minimum government and maximum governance' and establishing institutions of excellence (free zones and innovation hubs) with good infrastructure, in addition to leveraging on high mobile and internet penetration, ICT adoption for government services to improve ease of doing business.

Development of private sector is at the heart of ongoing reform efforts. GCC governments have provided enabling business environment for private sector growth to encourage job creation. Up gradation of Kuwait and Saudi Arabian capital markets to various 'Emerging Market' indices allowed more attraction to the GCC economic and raised their competitiveness. Furthermore, financial inclusion, financial development and financing options are integral for achieving robust, inclusive and sustainable economic growth. Financial hubs also provide the eco-system for investment and savings that drives entrepreneurial endeavors and economic growth."

Alhajeri added, "Yet, certain challenges remain, such as attracting firm and capital into GCC, improving ease of doing business and competitiveness of economy, a greater need for National Investment Policy (NIP), enhanced focus on innovation and knowledge and changing the geopolitical perceptions." The Future Investment Initiative (FII) is an international platform for expert-led debate between global leaders, investors and innovators with the power to shape the future of global investment. It is focused on utilizing investment to drive growth opportunities, enable innovation and disruptive technologies, and address global challenges.

The third edition of FII will continue building active, global networks of influential decision makers to explore the emerging industries that will shape the global economy and investment landscape over the coming decades.