

Business

Britain vows to stop funding fossil fuel projects abroad

Johnson pledge comes on eve of international climate change summit

LONDON: Britain is to end government funding for fossil fuel projects overseas, Prime Minister Boris Johnson said Friday, on the eve of an international climate change summit. Johnson announced a halt to funding of new crude oil, gas and coal projects before opening the Climate Ambition Summit co-hosted by Britain, the United Nations and France yesterday.

"I'm pleased to say today that the UK will end taxpayer support for fossil fuel projects overseas as soon as possible," Johnson said in a statement released by his office. Britain has been criticized for sending billions of pounds abroad to help extract and refine fossil fuels and build power stations.

It has promised to end this soon, while saying there will be "very limited exceptions".

"Calling time on financing overseas fossil fuel projects really is a welcome move," said the policy director at Greenpeace UK, Doug Parr. Christian Aid's head of campaigns and UK advocacy Pete Moorey said to tackle the climate crisis, 80 percent of known fossil fuels needed to be left in the ground.

"The UK government is right to heed this warning and end support for fossil fuels overseas," he added.

"Developing countries need investment to leapfrog the dirty energy that has led us into this crisis and access the clean renewable that can both accelerate their development and tackle the climate emergency." Downing Street said it intends to implement the policy by November next year, when

Britain will host the UN summit on climate change COP26, in Glasgow.

'Unacceptably high'

Over the last four years, the British government "supported £21 billion (\$28 billion, 23 billion euros) of UK oil and gas exports through trade promotion and export finance", it added. Britain has been criticized by watchdogs and activists including Swedish campaigner Greta Thunberg for financing dirty energy projects abroad.

UK Export Finance (UKEF), a government department, provides British companies with export credit guarantees to help them trade overseas. In 2019, an Environmental Audit Committee (EAC) report concluded that UKEF's support for fossil fuel energy projects was "unacceptably high" in developing countries. It said Britain had supported projects worth £2.6 billion between 2013 and 2018, most in "low and middle-income countries". By contrast, just £104 million went on renewable energy projects, it said, recommending an end of support for new fossil fuel projects by the end of next year.

The prime minister in January announced an immediate end to support of coal mining and coal-powered power stations abroad in developing countries.

Britain is not alone among wealthy nations in backing such projects abroad under the radar.

A study released in January by the market monitor Oil Change International and Friends of the Earth



British Prime Minister Boris Johnson announced a halt to his country's funding of new crude oil, gas and coal projects before opening the Climate Ambition Summit. —AFP

America found that export credit agencies of G20 countries provide more than 10 times as much state-

backed financing to oil, gas and coal projects abroad as they do to renewable energy schemes. —AFP

Markaz participates in 'Kuwait Investment Outreach' webinar

KUWAIT: Kuwait Financial Centre "Markaz" participated in the 'Kuwait Investment Outreach' webinar, themed 'Investing in Kuwait - Capitalizing on Transformation', as a Supporting Partner. The webinar, which was held on 9 December, was organized by the Kuwait Direct Investment Promotion Authority (KDIPA), in collaboration with The Financial Times and FDI Magazine, and is the third in a series of digital dialogues held in London and Silicon Valley. Markaz's support for this webinar is in line with its Corporate Social Responsibility (CSR) strategy, and its strong belief in the importance of the role played by the private and public sectors in developing an attractive investment environment that will elevate the performance of the private sector specifically, and the nation's economy as a whole.

M. R. Raghu, Executive Vice President of Published Research at Markaz, took part in a dynamic panel discussion titled 'Kuwait's Capital Markets and Economic Development' that addressed the effect of the pandemic on the Kuwait capital markets, and how the recent developments have impacted investor perception. It also shed light on the sectors that provide the greatest opportunities for investors and possibilities to capitalize on the opportunities of a Kuwait investment.

London Heathrow Terminal 4 to stay shut for most of 2021

LONDON: London's Heathrow airport on Friday said its Terminal 4 will remain closed until the end of next year because of a slump in passenger numbers caused by the coronavirus pandemic. The west London hub said passenger numbers fell by 88 percent last month from November 2019 due to continued travel restrictions and curbs on movement to cut Covid-19 infection rates across England.

Just 747,000 people used the airport in November and cargo volumes were also down year-on-year, it added. "Based on current forecasts and continued decline in passengers, the decision has been taken for Terminal 4 to remain non-operational until the end of 2021," it said in a statement.

During the UK-wide coronavirus lockdown from

Biden's trade chief brings long experience on China

WASHINGTON: President-elect Joe Biden's pick to head US trade policy brings extensive experience in dealing with a key point of tension: China. Attorney Katherine Tai, whom the president-elect announced this week would be his nominee as US Trade Representative (USTR), is also the rare political appointee who has the full-throated backing of business groups, politicians and labor leaders alike.

The decision puts an experienced trade lawyer on the frontline of repairing relations with US trading partners upended by President Donald Trump's aggressive "America first" policy, which included a damaging trade war with China. "I've gotten more calls complimenting me on your appointment than you can imagine," he said at an event Friday unveiling his latest batch of cabinet members.

On taking over from Trump's USTR Robert Lighthizer, Tai would become the first Asian-American, the fourth woman and the first woman of

Kuwait capital markets

From a fund manager perspective, Raghu highlighted the resilience of Kuwait capital markets, as a result of the series of reforms seen over the past few years and the importance of the recent MSCI inclusion, on the back of which great foreign investor interest is seen. Mr. Raghu expressed his hopes in seeing more active inflows, which will in turn further elevate the performance of Kuwait capital market, creating a positive impact on all market participants. From international fund manager perspective, he pointed out that few markets present bargain hunting, and Kuwait is certainly one of them, as it is yet to participate in the global equity rally.

Kuwait economy outlook, COVID19 impact and vaccine

Despite the challenges seen throughout 2020 as a result of the pandemic, and the decline in GDP, Raghu stated that Kuwait is surely in a safe position, and strongly believes that it will be able to maintain its strong credit rating. When looking at the size of Kuwait's sovereign funds, oil revenues and even in light of the current deficit, it will surely survive the downfalls seen in 2020. Raghu also expressed his positive views for the coming year, in light of the potential vaccine and on the back of a resilient 2020.

Sustainability and ESG factors

On the topic of Sustainability and ESG, Raghu highlighted that the development of these factors

March, Heathrow shut Terminal 3 in April and Terminal 4 in May, switching all flights to terminals 2 and 5. The airport, which is seeking cost-savings and has put an investment project on hold, appealed to the government for more support to protect jobs.

It wants a full business rates tax relief for all UK airports, and for plans to end tax-free shopping for international travellers from January 1 to be scrapped. Heathrow chief executive John Holland Kaye called the end to duty-free a "tourist tax", which could be the death knell for struggling businesses in the hospitality reliant on tourism. The scrapping of duty-free shopping would likely see 2,000 jobs lost at Heathrow alone, he said.

"To make 'Global Britain' a reality, the government should be helping the aviation sector to survive, to develop routes to our key trading partners, and attract businesses and tourists to come to Britain to spend their money," he added. Before the global health crisis, Heathrow was the biggest airport in Europe but it has since lost business to other hubs including Paris Charles de Gaulle.

color to serve in the cabinet-level role, continuing Biden's track record of promoting women and minorities to key positions.

Tai, a graduate of Yale and Harvard Law, was previously working as the chief trade lawyer for the House Ways and Means Committee-indicating she is well versed in the challenges of getting legislation through a divided Congress. She also spent seven years in the office of the USTR general counsel under former president Barack Obama, where she handled enforcement of cases filed against China with the World Trade Organization (WTO).

Tai speaks fluent Mandarin and was the first child born in the United States to parents who were born in mainland China.

Broad support

Legislators of both parties, impressed by Tai's work in Congress on the USMCA free trade pact with Canada and Mexico negotiated under Trump, had recommended her for the post, according to US media reports. "It's a testament to Katherine that everyone from business groups to progressive think tanks to the AFL-CIO are applauding her nomination," said Jake Colvin, vice president at the National Foreign Trade Council.

"Katherine is an inspired choice to lead USTR,"

from a global sense has been phenomenal and is confident that they will gain more traction in the near future in Kuwait. Looking at sustainability as a concept, Raghu clarified that Markaz has integrated it within its due diligence process, when researching a company and assessing how sustainable its business model is over the span of three to five years. From an ESG perspective, and especially from an environment, social and governance view, Raghu believes it is beginning to take shape however; he emphasized that in order to see a drastic upturn in these factors, there must be a shift in dominance of the investment scene from retail to institutional investors.



M R Raghu

Talent and human capital

From a talent and human capital perspective, and the importance of attracting local and foreign talent to the private sector, Raghu voiced that it is a key aspect that requires critical human capacity training in order to achieve the transition aspired, when shifting from an oil economy to a non-oil economy. He added that the results aspired will surely be evident on the long term.



LONDON: The sun sets behind the Victoria Tower, part of The Palace of Westminster, as a jet comes in to land at Heathrow in London. —AFP

Heathrow has introduced pre-departure passenger testing with airlines including British Airways, Virgin Atlantic, American Airlines and United Airlines as a way of ending quarantine. —AFP



Attorney Katherine Tai, whom the president-elect announced this week would be his nominee as US Trade Representative (USTR)

he told AFP, echoing similar comments from other supporters. Richard Trumka, head of the AFL-CIO labor federation, call Tai "a worker-champion."

Her selection "is a resounding victory for our families and communities." Tai herself embraced that role, saying Friday she will be "an advocate for American workers." Trade is "not an end in itself, it is a means to create more hope and opportunity for people," she said.

"I look forward to harnessing the power of our trade relationships to help communities lift themselves out of the current crisis." —AFP

Work resumes on controversial Nord Stream 2 pipeline

BERLIN: Construction work resumed Friday on the disputed Nord Stream 2 pipeline which is to bring Russian gas to Germany, the project's managers said, despite protests from the United States.

Work on the 10-billion-euro (\$11 billion) pipeline had been suspended for nearly a year because of US sanctions signed off by US President Donald Trump in late 2019 that threatened asset freezes and visa restrictions for companies involved in the construction. Trump's administration has repeatedly slammed Germany and other European nations for their reliance on energy from Russia, with the president himself calling Europe's biggest economy a "captive to Russia". But on Friday, Germany's Authority of Waterways and Shipping Management published a notice to seafarers on the resumption of building works on the final few kilometres of the pipeline.

It warned them to avoid the area up to "around December 31, 2020", and pointed out that "anchoring or fishing is not permitted in the area of the planned pipelines".

Confirming the resumption of construction, Nord Stream 2 said in a statement that "the pipeline vessel Fortuna will lay a 2.6 kilometer (1.6 mile) section of the pipeline in the German Exclusive Economic Zone in water depths of less than 30 meters (100 feet)."

Besides Russian giant Gazprom, which has a majority stake in the project, the international consortium involved in the pipeline includes European players such as Germany's Wintershall and Uniper groups, the Dutch-British giant Shell, France's Engie and Austria's OMV. News of works resuming sent Gazprom's stocks leaping 3.5 percent on the Moscow stock exchange. German Chancellor Angela Merkel has held firm on the project despite facing heavy criticism within and outside Germany over it. —AFP

S&P downgrade compounds Sri Lanka's debt woes

COLOMBO: S&P Global Ratings downgraded Sri Lanka by one notch Friday as international credit agencies worried over the island's ability to service its foreign debt. The New York-based agency said Sri Lanka's existing funding sources did not appear sufficient to cover its debt servicing needs estimated at just over \$4.0 billion next year. "This means that Sri Lanka may need external commercial funding, which can be difficult and costly," the ratings agency said in its latest report on the island.

"We see increasing indications that funding from multilateral or bilateral partners will not be sufficient to cover external financing needs over the next 12 months." The negative credit report came just two weeks after Fitch cut Sri Lanka's credit score expressing similar fears over Colombo's ability to repay its foreign loans. Two months ago, Moody's had also downgraded Sri Lanka by two notches, saying Colombo would struggle to secure funding. International agencies have also noted that Sri Lanka's economy was already weak when it went into the coronavirus pandemic which had made revenue generation even more challenging.

S&P said Sri Lanka's budget for 2021 envisaging tax cuts for local industries and individuals would only weaken the government's fiscal position. "High fiscal deficits and excessive domestic liquidity will put downward pressure on the exchange rate and worsen the risks associated with the government's already-high debt burden," S&P said.

It expected Sri Lanka's economy to shrink by a record 5.3 percent this year. Sri Lanka's junior finance minister Nivard Cabraal expressed hope that investors would not be "distracted" by rating downgrades. —AFP