

Business

Crisis lays bare poverty in Geneva, as thousands queue for free food

COVID-19 crisis casts a spotlight on Geneva's usually invisible poor

GENEVA: In one of the world's most expensive cities, thousands of people lined up Saturday for free food, as the COVID-19 crisis casts a spotlight on Geneva's usually invisible poor. In the Swiss city famous for its private banks, luxury watchmakers and fancy boutiques, people began lining up at 5:00 am (0300 GMT) Saturday, according to the association Caravane de Solidarite, the main organizer of the event.

By the time the distribution at Geneva's Vernets hockey stadium began four hours later, the queue of people, most wearing masks and standing two meters (six feet) apart, stretched and wound for about 1.5 kilometers (1 mile). Organizers said they believed at least as many people had showed up as a week earlier, when well over 2,000 took part.

"We're in a bit of a crescendo," Silvana Mastromatteo, head of Caravane de Solidarite, told AFP, adding that Saturday's distribution was the sixth the organisation had set up since the crisis began, with more and more people showing up each time.

"We need food," Silvia Mango, a 64-year-old from the Philippines, said after waiting for three hours under a hot spring sun. "Everything is just so much more difficult since the crisis began," she said, adjusting the scarf draped over her mouth and nose, and acknowledged this is her second time accepting a hand-out.

'Immediately fragilized'

Switzerland introduced a range of emergency measures in mid-March, including closing restaurants and most other businesses, to combat the spread of the novel coronavirus, which to date has killed more than 1,500 people out of more than 30,000 infected in the Alpine nation. While the country has begun gradually lifting measures, the nearly two-month shutdown has had particularly dire consequences for undocumented workers and other vulnerable groups already living on the edge.

According to Switzerland's Federal Statistics Office, around eight percent of the Swiss population, or some 660,000 people, are considered to live in poverty, out of around one million living in a precarious situation. "We know this population exists," said Isabelle Widmer, who is in charge of coordinating the City of Geneva's response to the crisis and who on Saturday was providing support to the food drive. "But it has been astonishing to see how this population was so immediately fragilized by this crisis," she said, as volunteers donning fluorescent yellow and orange vests stacked bags of food behind tables topped with bottles of disinfectant.

COVID-19 tests

Around 1,500 large shopping bags filled with rice, pasta instant coffee, cereal and other goods have been prepared and line the walls of the large entrance hall and fill a nearby hall.

In addition, a large pile of reserves tower in one corner next to mountains of empty bags, ready to be filled if needed. And if the food supplies run out, 20-franc coupons will be handed out, said Patrick Wieland of the Doctor Without

Borders charity, a co-organiser of Saturday's event that goes by its French acronym MSF. In addition to food, MSF is offering free COVID-19 tests to people showing symptoms, said Wieland, who is in charge of MSF's COVID-19 response in Switzerland. Mastromatteo said there was no requirement for recipients to prove they were in need.

"It is not easy to stand in this line and ask for help," she said, insisting that "anyone who is here is here because they are in need." Miguel Martinez, a 27-year-old undocumented restaurant worker from Colombia in the queue, lamented that "the virus has upended everything. There is no work. Nothing."

He said it was frustrating to have to accept handouts, but said he had no choice. "The restaurants have received assistance, but not me. I have nothing to eat."



GENEVA: People in need queue at a free food distribution on Saturday in Geneva as the COVID-19 pandemic casts a spotlight on the usually invisible poor people of Geneva, one of the world's most expensive cities. —AFP

We're in a bit of a crescendo

Audit of Lebanon's CB to include all its transactions

BEIRUT: The audit of Lebanon's central bank accounts announced last month will include every transaction at the bank, Economy Minister Raoul Nehme said in an interview published yesterday.

Prime Minister Hassan Diab said last month that Lebanon will audit its central bank's accounts in a bid to show transparency after launching debt restructuring talks with creditors.

A forensic auditor "will look into all the transactions" for an understanding of activities at the central bank, the economy minister told the Financial Times newspaper.

"Whatever bailouts and so on. Everything that was done", he added. The forensic audit will be executed by an independent auditing firm, one of the three - KPMG, Kroll and Oliver Wyman - appointed in April, the minister told the newspaper without confirming which of those three will actually run it. A crippling financial crisis that has gripped Lebanon for months saw it default on its hefty foreign-currency debt for the first time and launch restructuring talks in late March.

The economic implications of shutdowns related to the coronavirus outbreak have further compounded woes in a country with a weakening currency, dwindling reserves and soaring inflation. The prime minister's cabinet has pledged to reshape the crisis-hit Lebanese banking sector and the audit comes as part of the sector's restructuring. —Reuters

Algeria okays 2-7% increase in pensions

ALGIERS: Algeria's government has approved increases in retirement pensions ranging from 2 percent to 7 percent, the labor ministry said on Saturday, despite financial problems facing the oil exporting North African country. The OPEC member's public finances have come under pressure after a sharp fall in global crude oil prices caused energy earnings, the main source of government revenue, to drop significantly. President Abdelmadjid Tennoune has already announced a 50 percent cut in public spending and delays to planned projects in several sectors including oil and gas.

But Algeria, which subsidizes almost everything from foodstuffs to fuel and medicine, has kept its subsidy policy unchanged to avoid social unrest.

The government has also vowed to improve living standards for the poor by approving a plan to increase the guaranteed national minimum salary by 10 percent and scrap the total income tax for employees whose wages are equal or lower than 30,000 dinars (\$238). —Reuters

Argentina's final push for \$65bn debt deal

BUENOS AIRES/LONDON: Argentina and its international creditors are racing to find middle-ground over a \$65 billion debt restructuring, with sources close to the government indicating it may be willing to be flexible to break a deadlock that risks triggering a default. The talks face a first key deadline on Friday and a harder cutoff on May 22 when the country could enter default, as a grace period for \$500 million of interest payments comes to an end.

There's unlikely, however, to be a clean-cut result soon. Argentina is at loggerheads with its creditors over its proposal to impose large reductions on coupons on a range of debt, a three-year payment hiatus, and to push back maturities into the next decade.

With the economy already struggling to escape a painful recession before the coronavirus pandemic hit, Argentine negotiators want to avoid what would be its ninth default. Such an outcome would damage access to global finance, with investors already

wary after decades of volatility.

"We are hopeful and we will keep moving forward... It's a longer process than deadlines," said a person close to Argentina's discussions with its international creditors, who declined to be named as the talks are private.

The person said Argentina's government may accept tenders made on the offer on Friday even if the number of tenders is low, and then continue dialogue with those debt holders who rejected the offer, trying to "eat one dinosaur a day." "Even if tomorrow comes and we have a good acceptance it's not the end of anything either," he said, adding the deadlines were just milestones in a process that was "tedious at moments, stressful at times."

Argentina's economy ministry declined to comment. The ministry has said some bondholders have accepted its proposal, though three major creditor groups have publicly rejected it, with one calling it "stillborn." Government officials have said Argentina cannot pay more.

Argentine Economy Minister Martin Guzman told Reuters this week that the country was working with bondholders to close the gap between the two sides, even if the deal was not proving an easy sell.

Guzman said there was wiggle room if a proposal fitted with the govern-

months of the year, Air Canada had a net loss of Can \$1.049 billion, compared to net income in the same quarter last year of Can \$345 million, the company said. Excluding extraordinary charges, the loss amounted to Can \$1.49 per share, or 19 cents higher than analysts expected on average. "Our first quarter results reflect the severity and abruptness of the impact that the COVID-19 pandemic has had on Air Canada, which started to be felt across the global airline industry in late January with the suspension by many carriers, including Air Canada, of services to China," Rovinescu said.

"The impact was exacerbated during the month of March with mandated social distancing, unprecedented government-imposed travel restrictions in Canada and around the world and the shutting down of economies," he said. —AFP



Members of Polo Obrero social organization protest at Plaza de Mayo square holding banners mostly against the hunger, layoff, external debt, or lack of water in slums during the May Day in Buenos Aires in this file photo. —AFP

ment's debt sustainability analysis.

Most expect that talks will go well beyond the end of this week and likely pass the May 22 deadline, the trip wire for a foreign debt default. That could have a knock-on effect on Argentina's already fragile markets, though bonds themselves are already at default levels of around 20-35 cents on the dollar.

"They will have to change the dead-

line. Then they'll say let's talk some

more with a little bit more money on the table," said one international creditor, who holds bonds involved in the restructuring. Another bondholder in one of the three main creditor committees said the current standoff was a "bit of show" and that while negotiations would be protracted he was confident of an eventual deal. —Reuters



In this file photo an Air Canada Airbus 320 plane is seen on the tarmac at Los Angeles International Airport (LAX) in Los Angeles. —AFP

Lebanon's economic collapse: What happened?

BEIRUT: Protest-hit Lebanon has approved an economic rescue plan and requested aid from the International Monetary Fund as it battles its worst financial crisis in decades. But how did Lebanon become one of the most indebted countries in the world? What's the plan out of this quagmire, and how likely is it to work?

After the 1975-1990 civil war, Lebanon set about rebuilding, launching itself on a path of endless borrowing and ballooning debt. Successive governments focused on developing an economy built around services and tourism, and fuelled by foreign investment, all dependent on stability.

But they neglected structural reforms, as a political class deeply divided along sectarian lines allowed cronyism and graft. "The economic crisis is, at its core, a governance crisis emanating from a dysfunctional sectarian system that hindered rational policymaking and permitted a culture of corruption and waste," experts wrote in a January report published by Carnegie Middle East.

Over the years, Lebanon was also rocked by a wave of assassinations, the 2006 war with Israel and then a

series of attacks after war broke out in Syria in 2011.

Repeated political deadlocks stalled decision-making, with lawmakers on one occasion failing to elect a new president for more than two years. The debt grew as spending increased, including to subsidise a loss-making electricity sector dependent on fuel imports and to pay high interest rates on the loans themselves.

The balance of payments deficit also deepened as growth slowed, while an oversized banking sector offered huge interests on deposits. By late 2019, Lebanon had racked up a debt equivalent to 170 percent of its GDP. The pound has plummeted from 1,507 to more than 4,000 Lebanese pounds to the dollar on the parallel market in recent weeks, and inflation has soared. —AFP