

Business

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Crises pile up in Sudan as prices soar

Donors are reluctant to hand over aid directly to government

KHARTOUM/CAIRO: Saleha Adam had hoped things would get better after the ousting of Sudan's veteran leader Omar Al-Bashir, and that more food and aid might start flowing into her ramshackle camp on the outskirts of Khartoum. But a year and a half on, prices are still soaring. And an international package of support for the poorest households like Adam's has been delayed, leaving the government racing to stave off more economic turmoil.

"We heard about the (support) plan on TV," said Adam, who fled to Khartoum to escape fighting in Sudan's Nuba Mountains. But then nothing came of the plan. No cash arrived.

"We need help," said the 38-year-old. Crises are piling up for Prime Minister Abdalla Hamdok who took over after Bashir to head a shaky coalition with the military and become Sudan's first civilian premier since the 1980s. There are the problems Hamdok inherited, including the loss of most of the country's forex-earning oil reserves with the secession of South Sudan in 2011. There are the new disasters, chief of all the pandemic. Nile floods have also displaced tens of thousands.

Adding to that, many of the benefits that many hoped would come with Bashir's ousting - above all an end of Sudan's pariah status and isolation from world financial markets - have been slow to emerge.

A cash transfer plan - funded by donors and administered by the World Bank to help up to 6.5 million families - was meant to start on Sept. 1. The government had expected \$400 million to start the plan this month, said Adam Harika, Hamdok's economic adviser. But the World Bank told Reuters last week the cash plan was still "under design". "We are presently following up with donors on receipt of

contributions as per their pledges," said a spokeswoman. "The World Bank can pay its grant of up to \$400 million only once they have sufficient donor funds," said a Western diplomat. "Each government has its own approval, even if they committed only \$20 million, and this takes time." While the United States said its pledge of \$356.2 million will be sent by Sept. 30, Germany has only paid parts of its



Sudanese pound collapses

promised \$150 million with the rest to be distributed by year-end, a government source said. The German ministry for international development said the funds were being paid gradually.

"We are in collapse right now"

Diplomats say donors are reluctant to hand over cash directly to the government because of transparency issues. They prefer channeling it through international organizations who take time to draw up specific aid programs. While preparations continue, prices are rising - annual inflation hit 167 percent in August.

And the currency has been collapsing, weakening



KHARTOUM: An international package of support for the poorest households in Sudan has been delayed, leaving the government racing to stave off more economic turmoil. — Reuters

to 234 Sudanese pounds a dollar on the key parallel market from 140 in July. The official rate is 55. The pound stood at 75 on the parallel market when Bashir left in April 2019.

Even some of Hamdok's triumphs have their downside. A much vaunted peace deal with rebel groups last month involved a promise of government positions for some of those insurgents and funding, pledges that will strain state budgets further. "It's a massive expansion of government expenditures," said Sudan analyst Magdi El-Gizouli. Meanwhile key

exports, such as cattle to the Gulf, are declining because the haj pilgrimage where cattle are slaughtered has been downsized due to the coronavirus, El-Gizouli said, and agricultural production has been hit by a lack of fuel. "We are in collapse right now. There is nothing to avert anymore. You have an inflationary crisis. You have a depreciating currency. You have shortages of basic commodities. You don't even have a proper budget." The government has been blaming manipulation by opponents of the revolution that ousted Bashir. — Reuters

Chinese version of TikTok hits 600m daily users

BEIJING: Douyin, the Chinese version of short video app TikTok, hit 600 million daily active users in August, an executive with parent company ByteDance said yesterday, a 50 percent jump since the start of the year.

Users in China are not able to access the TikTok app, which is wildly popular with teenagers worldwide and the subject of a fierce rift between Beijing and Washington over security concerns, but can use Douyin, which is similar in design. Four-year-old Douyin's more than 22 million creators have earned a total of 41.7 billion yuan (\$6.15 billion) over the past year, ByteDance China chief executive officer Kelly Zhang said during an online conference. She said Douyin aimed to help them double that income over the next year.

Douyin's surge comes as TikTok faces a possible ban in the United States by the Trump administration, which wants ByteDance to sell TikTok's US operations. US-listed Oracle Corp said on Monday it would team up with ByteDance, which could help keep TikTok operating in the United States.

Like TikTok, Douyin allows users to watch short videos and livestreams and make in-app purchases.

It is currently one of the most popular social media apps in China and its growth is seen as indicative of TikTok's potential evolution. In comparison, China's messaging app WeChat, which is owned by Tencent Holdings, said it had over 1 billion users using the app everyday in 2018. China had 1.6 billion monthly active mobile internet users as of May, according to market researcher QuestMobile.

ByteDance is considering listing its China business in Hong Kong or Shanghai, amid escalating tensions between world's two largest economies, Reuters has reported. That listing plan was initiated after US regulators started to review ByteDance's acquisition of Musical.ly last year. The bulk of ByteDance's revenue is still generated in China, sources have told Reuters, mainly from ad income on Douyin and its Chinese news aggregator Jinri Toutiao. — Reuters



Oil demand set for slow recovery: IEA

PARIS: With novel coronavirus cases surging in many parts of the world and more people working from home, the recovery in global oil demand is likely to be slow in the coming months, the IEA said yesterday as it lowered its forecasts. Oil demand quickly recovered part of the lost ground from April when much of the world was in lockdown to slow the spread of the virus that causes the Covid-19 illness.

But the International Energy Agency said in its latest monthly report it expected the recovery in demand "to decelerate markedly in the second half of 2020, with most of the easy gains already achieved". "The economic slowdown will take months to reverse completely, while certain sectors such as aviation are unlikely to return to their pre-pandemic levels of consumption even next year," it said.

It also warned that a potential second wave of the virus could propel governments impose renewed restrictions on movement, while the uptake of remote working is also dampening demand for fuel.

"Consumption remains around 10.7 million barrels per day below 2019 levels due to the impact of virus containment measures on transport demand, the uptake of teleworking and the economic crisis unleashed by the virus," said the IEA. "With the oncoming northern hemisphere winter, we will enter uncharted territory regarding the virulence of COVID-19."

It cut its forecast for average 2020 oil demand, now expecting it to fall by 8.4 million barrels per day (mbd) or 8.4 percent from last year, to 91.7 mbd. The

UAE, Israel sign first banking deal

DUBAI: The National Bank of Dubai, the largest banking group in the emirate, signed a memorandum of understanding Monday with Israel's Bank Hapoalim, on the eve of the UAE-Israel normalization accord signing. "It is a great honor to be the first bank to sign such an agreement that will contribute to the establishment of the relationship between the two countries," Bank Hapoalim's CEO, Dov Kotler, said in a statement issued by NBD. It said the MoU was "part of a broader engagement between the UAE and Israel to further peace, dialogue and stability and establish cooperation to promote sustainable development".

An Israeli business and banking delegation arrived in Dubai last Tuesday on the first such visit since the August 13 announcement of a normalization of ties between the Jewish state and the United Arab Emirates, of which Dubai is a member.

Yesterday in Washington, both the UAE and fellow Gulf state Bahrain were to sign normalization accords with Israel. The moment a deal normalizing ties between the United Arab Emirates and Israel was announced, the head of a Tel Aviv technology organization received dozens of LinkedIn invitations from Emiratis. A month on from the August diplomatic breakthrough, Eugene Kandel, CEO of Start-Up Nation Central, was already in Dubai selling Israeli technology. Kandel's organization works to



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OPEC oil cartel similarly trimmed its forecasts in its latest report on Monday. It now expects global demand to fall by 9.5 mbd to 90.2 mbd in 2020. Both organizations pointed in particular to weakness in India, where oil demand dropped in both July and August. But the IEA said oil demand in China has already posted year-on-year increases as the country's economy returns to growth. However, China has recently cut back on oil imports, which were helping support global markets, while OPEC nations and their allies have begun to increase production following temporary additional cuts.

"In last month's Report, we said that the market was in a state of 'delicate re-balancing'. One month

"build bridges" between Israeli technology companies and governments, businesses and organizations.

The launching of public business ties "can provide a lot of opportunities for many Israelis," Kandel told AFP. Rather than wait for the signing ceremony at the White House between the two countries, as well as cementing an Israeli-Bahraini deal, Israeli business leaders rushed to Abu Dhabi and Dubai with catalogues of their wares.

The first business delegation visited the UAE last week, following an official Israeli government visit, and another group of industry leaders was due in the Emirates yesterday. Among them is Kandel, a former economic advisor to Prime Minister Benjamin Netanyahu. Since the landmark Israel-UAE deal was announced on Aug 13, the average number of Emirati users on the Start-Up Nation Central platform has increased by 122 percent.

The amount of time they have spent looking at Israeli startups on the website has jumped by 600 percent, according to the organization, which did not provide user numbers. Investment in Israel's startup sector grew by 33 percent to \$4.6 billion in the first half of this year, according to an internal study. But the figures include contracts negotiated in 2019, and so do not fully show the impact of coronavirus on the industry.

The pandemic could lead to a "sharp decline" in startup investments over the next few months, especially foreign ones, Kandel warned. In the past, Israeli startups tended to grow locally before being acquired by foreign firms. But that has been changing over the past five years, Kandel said. "We believe that there is a lot of potential to continue this trend, and so that money from the Emirates could replace some of the other money," which was lost due to the pandemic, Kandel said. — AFP

later, the outlook appears even more fragile," said the IEA.

Persistent damage to the global economy from the coronavirus pandemic will hollow out demand for oil more than previously thought, major industry figures said on Monday. The Organization of the Petroleum Exporting Countries (OPEC), energy giant BP and commodities trading giant Vitol all made grim forecasts as rising rates of COVID-19 infections sap hopes for quick recovery.

OPEC said in its monthly report that world oil demand would fall by 9.46 million barrels per day (bpd) this year, a decline sharper by 400,000 bpd than predicted in August. — Agencies

Swedish fintech Klarna surpasses \$10bn in valuation

STOCKHOLM: Swedish payment solutions provider Klarna said yesterday it had raised \$650 million (547 million euros) in a funding round, putting the estimated value of the company past \$10 billion for the first time. Launched in 2005, Klarna now offers an app which provides consumers with an easy platform to shop with retailers, automatically giving them four months to pay for purchases and offering plenty of promotions.

Klarna also offers businesses online payment solutions for their proper sites, handling both credit card payments and invoices. Klarna's app has more than 12 million monthly users worldwide and the firm says it has over 200,000 retail partners.

According the company, the new "post money valuation of \$10.65 billion" means Klarna is the highest valued fintech firm in Europe, and fourth worldwide. Currently operating in 17 countries, the company employs some 3,500 people. Klarna co-founder Sebastian Siemiatkowski said the firm has benefited from "the context of the current accelerated switch to online retail and evolving consumer preferences" due to the Covid-19 pandemic, having added more than 35,000 new retailers during the first half of 2020. The company, which says it is planning on going public, lost money for the first time in 2019 due to heavy investments as it sought to expand in the US. — AFP