Lebanese block roads after de facto end to fuel subsidies

Central bank refuses to prop up fuel imports except at black market rate

BEIRUT: Angry residents blocked roads across Lebanon yesterday, a day after the central bank said it could no longer afford to prop up fuel imports except at the black market rate.

As Lebanon's economy crumbles and its foreign reserves dwindle, the decision has been considered a de facto lifting of fuel subsidies. The national news agency said people blocked roads in the north, south and east of the country. AFP correspondents saw motorists in long queues outside petrol stations still open, after they rushed to fill up before the energy ministry officially announced the new prices.

The cost of petrol is expected to at least triple, according to projections by the Information International think tank. In front of one petrol station in Beirut, Hussein Majed asked how everyone was expected to cope.

"You're going to force us to steal just to fill up a moped," he raged. "When the judge asks, we'll say it was to buy petrol, eat and drink." The Lebanese pound has lost more than 90 percent of its value against the dollar on the black market in less than two years.

Officially, however, the currency has remained pegged at 1,507 to the greenback. Until recently, hydrocarbon importers were given access to dollars at the advantageous official rate. But authorities last month increased it to 3,900, sparking a sharp rise in prices at the petrol pump. On Wednesday, the central bank said it would further increase to the "market rate", which is currently hovering at around 20,000.

The bank said it had spent $800 million on fuel imports in July. The outgoing premier, Hassan Diab, has protested against the bank's unilateral decision. Foreign reserves have plummeted by more than half since the economic crisis started in the autumn of 2019, from $32 billion to around $15 billion today, according to central bank figures. —AFP

BEIRUT: A demonstrator poses next to a sign of "wanted posters" showing the faces of government officials including Prime Minister Hassan Diab in the Gemmayze neighborhood as protesters head towards the port of Lebanon's capital. —AFP

Stocks mixed tracking data, China regulation

NEW YORK: Stocks markets were little changed yesterday as traders reacted to data on both sides of the Atlantic and China's plans to tighten regulation across more sectors.

Europe's main indices varied by small amounts in midday trade following news that Britain's economy rebounded 4.8 percent in the second quarter as it started to emerge from lockdown. Asian equities closed mostly lower as China signaled additional anti-monopoly rules and penalties over the next five years. The dollar held firm as news of cooling US inflation eased concerns about the prospect of higher interest rates in the short term, in turn helping Wall Street to reach new record highs Wednesday.

Oil prices flattened as the International Energy Agency said global crude demand was expected to grow slower than previously forecast this year with the spread of COVID's Delta variant prompting fresh lockdowns.

Stocks have had a largely positive week after a recent run of pressure caused by concerns about the fast-spreading Delta variant. But Asian stocks took a slight hit yesterday after guidelines published by the Chinese Communist Party's top decision-making body called for "centralized special rectification" — propaganda speak for further government intervention.

Sectors including finance, public health, education and food and drug manufacturing would be targeted, the guidelines said. A regulatory crackdown on Chinese sectors ranging from tech to education had already roiled markets in recent months. OANDA's Jeffrey Halley said the reason that Asian stock market losses yesterday had not been so steep might be because "investors are being more accepting of the 'new normal'".

On Wall Street, the Dow and S&P 500 finished at all-time highs Wednesday, buoyed by data showing US inflation cooling. "For now, the movement in stock markets shows that investors are considering the improvement, or at the very least a stoppage, in the rapid rise of consumer prices," noted Naeem Aslam, chief market analyst at Avatrade. —AFP

The curious case of the $600m crypto heist

PARIS: Cryptocurrency investors have been transfixed over the past few days by the antics of a mysterious hacker who stole more than $600 million-before giving some of it back. But is the thief a good samaritan who stole the money to expose a dangerous security flaw, or did they simply realize they were about to be caught? The hacker struck Poly Network, a company that handles cryptocurrency transfers, on Tuesday in one of the biggest thefts of digital monies in history. By yesterday they had returned some $342 million-still far short of the total, but enough to raise furious speculation over their motives. In messages embedded in the transactions, the thief insisted they stole with good intentions. "I am not very interested in money!" they wrote, adding it was "always the plan" to return the stolen funds.

Digital sleuths

Despite their volatility and concerns over the huge waste of electricity they generate, cryptocurrencies like Bitcoin and Ethereum have soared in popularity in recent years. Their combined market value currently stands at nearly $2 trillion, creating alluring prospects for hackers.

Most notoriously, thieves stole 850,000 Bitcoins from Japanese exchange Mt. Gox in 2014. Worth around $470 million at the time, the coins would today be worth a staggering $38 billion.

Another Japanese exchange, Coincheck, was hacked for nearly $500 million in 2018. But in both cases, the technology that cryptocurrency uses allowed some of the funds to be traced-even though for Mt. Gox, it came too late to save the company.

Cryptocurrencies use blockchains, digital ledgers that record every transaction made. Pawel Aleksander, an expert in tracking stolen cryptocurrency, said thieves typically try to cover their tracks by splitting the money up and moving it around-"sometimes using hundreds of thousands of consecutive transactions".

But his company Coinfirm is among a growing number that specialize in following dizzyingly complicated blockchain transactions, helping law enforcement agencies and investors to trace stolen assets. While some crypto-aficionados are hailing the Poly hacker as a hero, others suspect they began handing the money back because sleuths were on their trail. The returns began after SlowMist, another investigative firm, claimed to have identified some of the hacker's personal details, including their email.

WASHINGTON: In this file photo a man types on a computer keyboard in this photo illustration taken in Washington, DC. —AFP

"It's hard to say what the hacker's initial intention was," said Aleksander's colleague Roman Bieda. "The hacker could be simply afraid of action taken against him," he suggested, although he added that "white hat" ethical hackers do often seek to publicly shame companies for their security flaws. Some investors would also consider it a "fair bargain" for the hacker to keep some of the money, as a reward for finding the security flaw, Bieda said.

End of the Wild West?

Crimes involving cryptocurrencies are on a downward trend, despite spectacular thefts like this one and concerns about their use by criminal gangs. A report this month by security firm CipherTrace estimated global crypto-crime losses at $1.9 billion last year, down from $4.5 billion in 2019. It did, however, warn of an alarming rise in hacking and fraud linked to decentralized finance, or "defi"-a form of crypto-financing, including loans, designed to cut out intermediaries like banks. The Poly heist is part of that trend, with the company calling it the biggest hack "in defi history". "The imagination of fraudsters in this industry is constantly developing," said Syedur Rahman, a British lawyer who specialises in cases involving cryptocurrencies.—AFP