

Business

Biden leads Americas pledge on migration after contested summit

The weeklong Summit of the Americas fails to set new migration policy

LOS ANGELES: US President Joe Biden on Friday led a pledge by 20 nations in the Americas to work together on migration, seeking to step up action on a growing political priority at a summit beset by disputes. The weeklong Summit of the Americas in Los Angeles wound down with promises by Biden to do more, and a joint declaration on migration that largely formalized existing arrangements rather than setting new policy.

The declaration called for "safety and dignity of all migrants" but also greater cooperation by law enforcement. Biden—who has promised a more humane approach than his predecessor Donald Trump—announced a \$65 million effort to support documented seasonal work on US farms. "But we need to halt the dangerous and unlawful ways people are migrating," Biden said with regional leaders by his side. "Unlawful migration is not acceptable and we will secure our borders including through innovative, coordinated actions with our regional partners."

The effort was met by praise by the top diplomat of Mexico, the critical US partner on migration due to the 3,145-kilometer (1,954-mile) shared border, even though Mexico's president conspicuously boycotted the summit. Foreign Secretary Marcelo Ebrard said the summit's results were "very positive," including Biden's calls for economic cooperation and the "regional approach on migration."

Extreme poverty, rising violence and natural disasters worsened by climate change have triggered a sharp rise in Central Americans and Haitians seeking to enter the United States. Trump's Republican Party has seized on the issue ahead of congressional elections, denouncing migrants from developing countries and accusing Biden of failing to act effectively.

The State Department announced that the United States would resettle 20,000 verified refugees from the Americas over the next two years—a threefold increase but a far cry from the 100,000 Ukrainian refugees that Biden, mostly with Republican support, has pledged to take in. The United States also announced \$314 million in new funding to support some of the more than six million Venezuelans who have fled their country, whose economy has been in freefall.

Discord over attendance

Biden called the summit in the face of rising Chinese



LOS ANGELES: Leaders pose for a family photo during the 9th Summit of the Americas in Los Angeles, California, June 10, 2022. — AFP

influence in a region that the United States has long considered its home turf. The summit was marked from the start by discord, largely over Biden's refusal to invite the leftist leaders of Cuba, Nicaragua and Venezuela on the grounds that they are authoritarians. The row was why Mexican President Andres Manuel Lopez Obrador refused to attend and several leaders directly challenged Biden. The prime minister of tiny Belize also pointedly questioned if Biden would follow up on lofty promises, noting the \$40 billion package from the United States to support Ukraine in its war. "We know that money is not the problem," Prime Minister John Briceño told him Thursday.

At a concluding news conference, Secretary of State Antony Blinken said that the summit—which also discussed cooperation on health care, climate

change and job creation—addressed the "practical needs" of the hemisphere. "It's hard to do that with governments that reject the basic principle that they're accountable to their people and repress their citizens' rights to speak up about the challenges they face," Blinken said.

Movement on Venezuela, Brazil

Blinken voiced hope for progress in Venezuela, saying he understood that talks would resume between the government and opposition—which was not invited to Los Angeles despite US support.

He held out the prospect of easing sanctions on President Nicolas Maduro, whom Washington considers illegitimate, if he compromises in the talks in Mexico. "Sanctions are not an end in themselves. They are an

effort to incentivize those who are on the receiving end to engage in different conduct," Blinken said.

Biden at the summit met for the first time with Brazil's far-right president, Jair Bolsonaro, who has questioned not only the legitimacy of upcoming elections at home but also of the US polls in which Biden defeated Trump. Bolsonaro, who was one of Trump's closest international allies, told the summit that his meeting with Biden was "simply fantastic."

He also said he believed he could support agribusiness without destroying the Amazon, a long source of contention due to the rainforest's vital role in mopping up carbon emissions. Blinken called the meeting "constructive" and said that Biden offered to help on forest preservation, acknowledging the US historical responsibility for climate change. — AFP

British banks no longer 'too big to fail' in future shocks: BoE

LONDON: Britain's biggest banks are no longer "too big to fail" in any future financial shocks, with shareholders rather than taxpayers ready to bear the cost, the Bank of England said Friday.

Following a major review of eight lenders—including Barclays, HSBC, Lloyds and NatWest—the BoE concluded "that if a major UK bank failed today it could do so safely: remaining open and continuing to provide vital banking services to the economy. Shareholders and investors, not taxpayers, will be first in line to bear the costs, overcoming the 'too big to fail' problem," the central bank added.

Following the financial global crisis more than a decade ago, the UK taxpayer pumped £137 billion (\$171 billion) into the country's banks, while also being able to benefit from significant BoE support.

wasting billions of pounds," John Glen, a junior Treasury minister working for finance minister Rishi Sunak, wrote on Twitter. The National Institute of Economic and Social Research said Sunak had not insured against the recent rate hikes on £900 billion of cash stimulus created by the Bank of England to prop up the UK economy before and after the pandemic. The BoE and other central banks worldwide are raising interest rates to try to rein in soaring inflation.

NIESR director Jagjit Chadha said the Treasury had been left "with an enormous bill and heavy continuing exposure to interest rate risk", as the BoE prepares to raise its key interest rate again next week. The institute pointed out that the interest-rate insurance that the government of Prime Minister Boris Johnson could have bought in July last year had become much more expensive.

"We estimate the loss over the past year at around £11 billion. Such a lost opportunity is an unnecessary cost to the public finances at a very difficult time."

With UK inflation at a 40-year high—eroding workers' wages—millions of Britons are suffering from a cost-of-living crisis. The government argues it is limited in the financial assistance it can now offer after spending billions of pounds helping people through the pandemic. Consumer prices of goods, in particular energy and food, have surged worldwide as economies reopen from lockdowns and following the invasion of Ukraine by major oil and gas producer Russia. —AFP

Russian central bank cuts key rate as inflation eases

MOSCOW: Russia's central bank cut its key interest rate on Friday as the country's economy recovers faster than expected following sanctions imposed on Moscow over its military action in Ukraine.

The Bank of Russia cut the rate to 9.5 percent from 11 percent, saying in a statement that "inflation is slowing faster and the decline in economic activity is of a smaller magnitude" than expected in April. It said, however, that the "external environment for the Russian economy remains challenging and significantly constrains economic activity". The next rate review meeting will take place on July 22.

The central bank had already cut its key rate by three percentage points at an emergency meeting just two weeks ago.

Russia's economy faces deep recession and consumer demand is weakening. Days after President Vladimir Putin sent troops to Ukraine and the West pummeled Moscow with sanctions in response, the central bank more than doubled its key interest rate to 20 percent to prop up the plunging ruble.

Since then, the ruble has staged a spectacular rebound and strengthened by around 30 percent against the dollar, leading the central bank to cut its key rate three times. A strong ruble is not desirable for the Russian government, which fears it can hit budget revenues and exports.

Generally, lower interest rates are unattractive for foreign investment and decrease the value of a country's currency. — AFP

Hungary defends petrol price cap against EU criticism

BUDAPEST: Hungarian Prime Minister Viktor Orban on Friday defended a cap on petrol prices that the EU has described as discriminatory, saying that runaway inflation and economic fallout from the war in Ukraine justified it. "We hope the EU sees that there is an extraordinary situation," Orban said during a radio interview. With inflation in Hungary reaching a 20-year-high in May and the war in Ukraine impacting the country's economy, such "extraordinary measures" were necessary, the leader argued.

Orban—who imposed a state of emergency in Hungary late last month citing the challenges posed by the war—has frequently clashed with Brussels. Orban said that without the cap—introduced last November—of 480 forints (\$1.30) per liter, petrol prices would be

between 700 and 800 forints, as elsewhere in Europe. Budapest said last month that the price cap would only apply to cars with Hungarian license plates in order to prevent cross-border "fuel tourism".

But "the difference in treatment seems to amount to indirect indiscriminate," Thierry Breton, the EU's internal markets commissioner, said in a letter sent to Budapest this week and seen by AFP.

Breton suggested that the measure "might constitute a violation of EU law" and lead to infringement proceedings against Hungary. To fund a range of price caps on energy and foodstuffs, Hungary has also imposed a windfall tax on companies' "extra profits", mainly targeting the banking and energy sectors, but also airlines. Irish no-frills carrier Ryanair has called the tax "beyond stupid" and urged Budapest to scrap it. The tax of between 10 and 25 euros (\$10.50 and \$26.30) per departing passenger from July 1 "will irreparably damage Hungarian tourism, connectivity, traffic and jobs," it said. On Thursday, the airline said it would charge passengers even on bookings prior to that date, and that unhappy passengers could cancel and receive a refund.—AFP



FUYANG, China: A customer buys vegetables at a supermarket in Fuyang, in China's eastern Anhui province on June 10, 2022. — AFP

China factory inflation eases to lowest in a year

BEIJING: China's factory-gate inflation dropped to its lowest in a year in May, official data showed Friday, while consumer prices were stable despite COVID-linked transport disruptions. The producer price index (PPI) — measuring the cost of goods at the factory gate—rose 6.4 percent on-year, National Bureau of Statistics (NBS) figures showed, in line with analyst expectations.

The figure was down from an 8.0 percent rise in April and the lowest since April last year, according to official data. "Regions and departments efficiently coordinated epidemic prevention and control in May... ensuring smooth and stable supply chains in

key industrial areas," NBS senior statistician Dong Lijuan said in a statement.

International crude oil prices fluctuated upwards, however, driving up costs in related industries, Dong said. China's consumer price index (CPI), a key gauge of retail inflation, rose 2.1 percent on-year in May, the same level as last month and just below analyst expectations.

Domestic prices of flour, grain products and vegetable oil rose "due to high international grain prices", but Dong said consumer prices remained stable overall, with fresh vegetable costs falling while logistics problems eased. World food prices hit record highs in March after Russia invaded agricultural powerhouse Ukraine. Both countries are major exporters of key commodities such as wheat, vegetable oil and corn. Capital Economics' chief Asia economist Mark Williams cautioned in a recent note that "there is growing evidence that the disinflationary demand-sapping impact of lockdowns (in China) has outweighed the inflationary impact of supply side disruption". —AFP



The government also took control of Royal Bank of Scotland—rebranded as NatWest ahead of its recent return to the private sector. Despite the bailouts, "the disruption to the financial system contributed to the UK and global recession that followed. We cannot forget these lessons", the BoE added Friday. The central bank was publishing its first assessment of the eight major UK banks' preparations for resolution under the Resolvability Assessment Framework.

RAF "is a core part of the UK's response to the global financial crisis, and demonstrates how the UK has overcome the problem of 'too big to fail'", said Dave Ramsden, deputy governor for markets and banking at the BoE. "The UK authorities have developed a resolution regime that successfully reduces risks to depositors and the financial system and better protects the UK's public funds." The other four banks assessed were Nationwide, Santander UK, Standard Chartered and Virgin Money UK.

A British minister on Friday denied a claim that the Treasury's decision not to insure against Bank of England interest-rate rises had cost taxpayers £11 billion (\$13.7 billion) during a cost-of-living crisis.

"The Treasury has inaccurately been accused of