

Business

Eurozone economy hit by Ukraine war fallout as production declines

Inflation stays at record levels imperiling Europe's recovery efforts

KUWAIT: The eurozone economy felt the fallout from the Ukraine war as output slowed and inflation stayed at record levels, official data showed Friday, imperiling Europe's recovery from the pandemic.

The EU statistics agency said growth in the 19 countries that use the euro crawled along at 0.2 percent between January and March, down from 0.3 percent in the final quarter of 2021. For the European Union as a whole, gross domestic product grew by 0.4 percent in the first quarter, after 0.5 percent in the last three months of 2021.

Among major economies, Spain and Germany saw growth of 0.3 percent and 0.2 percent respectively in the first three months of the year. France was flat and Italy down, minus 0.2 percent. The small increase in eurozone growth "means that the region will avoid a technical recession in the first half of the year at least," said Andrew Kenningham, Chief Europe Economist at Capital Economics. "But rising inflation and the fallout from the Ukraine war mean that GDP is likely to contract in the next quarter," he said.

Price shock

Compared to a year ago, the growth level in Europe still remains high, coming off the big crashes in GDP because of the coronavirus pandemic that put the global economy on its knees. This meant that the growth rate year-on-year was up a

solid five percent for the eurozone, and 5.2 percent for the wider EU, compared to the first quarter of 2021. The big shock remains consumer prices, with the economy handicapped by the rise in consumer prices, especially in the energy sector because of the war in Ukraine.

Consumer prices in the eurozone soared by a record 7.5 percent in April, up from a revised 7.4 percent the month before, Eurostat said. These figures are the highest recorded by the European statistics office since the publication of this indicator began in January 1997. Inflation has broken a new record each month since November, though the leap in April was more moderate than previous months. In April, the highest rate of increase was recorded for energy prices, which was up by 38 percent. This increase was slightly slower compared to March when it reached 44 percent.

Rate hikes?

The European Central Bank believes that inflation will gradually diminish from the current eye-watering levels, but remain well higher than its target two percent for the rest of 2022 at least. The ECB has faced pressure to increase rates and rein back stimulus that critics say stokes inflation, but Christine Lagarde, the central bank's president, has said cutting off the taps abruptly would achieve little. "If I raise interest rates today, it is not going

to bring the price of energy down," Lagarde told US network CBS this week. But ING economist Bert Colijn said that Friday's continued growth figures, even if feeble, meant the ECB was "likely to act sooner rather than later" on rate hikes.

"While the economy remains weak... don't expect the ECB to wait much longer," he said. Analysts agreed that given the unknowns on the war in Ukraine, the outlook for the European economy over the coming months remained highly uncertain.

French growth crashes

The French economy flatlined in the first quarter as households reduced their consumption due to rising inflation and the war in Ukraine, the national statistics agency said Friday.

The zero-growth result was weaker than the INSEE agency's pre-war forecast of a 0.3 percent expansion, underlying the economic difficulties faced across Europe. The French annual inflation rate also accelerated to 4.8 percent in April, up from 4.5 percent the month before, INSEE said in a separate statement. "Gross domestic product is at a standstill... it bears the mark of the two combined external shocks (COVID and the Omicron variant in January, then the war in Ukraine that strengthened inflation)," INSEE economist Julien Pouget wrote on Twitter.

The figure puts an end to France's strong eco-



nomical rebound from the COVID-19 pandemic and poses a challenge to President Emmanuel Macron, who was re-elected last weekend.

Economic growth had been clocked at 0.8 percent in the last quarter of 2021 and 3.0 percent in the third. European economies have been badly affected this year by supply problems linked first to the pandemic, then the war in Ukraine as well as sanctions imposed on Russia following its February 24 invasion of its neighbor.

Figures also released Friday showed that the eurozone's GDP growth slowed to 0.2 percent in the first quarter, with a Germany eking out a similar gain as it avoided a second consecutive quarterly contraction. —AFP

Al Mulla Motors signs dealership for CMC vehicles in Kuwait

KUWAIT: Al Mulla Motors launched the new generation of D260 and D270 CMC vehicles to offer companies in the commercial sector the preferred choice for carriage of goods and employees.

The new generation of CMC transport vehicles is distinguished by a Mitsubishi 2.4-liter 4-cylinder engine, and a modern and advanced exterior design. The CMC commercial vehicles have the highest security and safety systems, starting with a dual front airbags, anti-roll system, traction control system, hydraulic brakes, emergency stop system, hill-start assist system, anti-lock brake system, and air control system, including other systems that ensure the driver and passengers the highest standards of safety and security.

A variety of D260 and D270 vehicles are available, including:

Cargo panel van

It features a spacious storage, with a length of 2,720 mm, width: 1,530 mm, height: 1,380 mm and a payload of 980 kg and a 6-speed manual transmission.

Cargo window van

It has seats for five passengers and ample storage space for loading goods with a load capacity of up to 838 kg with a 6-speed manual transmission. It also features air condition-

ing vents for the rear seats.

Mini bus

Which comes with seats that can accommodate eight passengers, and the second-row seats feature a foldable 60:40 ratio and can be folded completely flat. The third-row seats can also be controlled and folded forward, which helps in obtaining more storage space. The loading capacity of the transport bus reaches 860 kg, and it is characterized by a 5-speed automatic transmission and the presence of air conditioning vents for the rear seats.

D270 freezer

As for the D270, it is a portable storage freezer with a temperature between -20 and 30 degrees Celsius, and it comes with a wide storage area with a length of 2670 mm, a width of 1485 mm and a height of 1440 mm, which can accommodate the transportation of your goods in comfort and safety. It features a Japanese-made compressor for the best performance.

CMC commercial vehicles are available at Al Mulla Motors at reasonable and exclusive prices.

During the holy month of Ramadan, Al Mulla Motors presents our esteemed customers with an exclusive offer which includes free vehicle registration and free maintenance for a



year or 20,000 km whichever comes first when purchasing a D270 or D260. In addition to a warranty of three years or 100,000 km, whichever comes first.

Al Mulla Group started the automotive business in the early 1940's with several brands. In 1972, the Automotive Group was the first to

introduce Mitsubishi cars to the Kuwaiti market as well as the Middle East. Today, with 2500+ strong workforce, the Automotive Group has a presence in Kuwait, Iraq, Egypt and UAE, operating several divisions and facilities, including new and used car showrooms, spare parts and service centers.



MUNRO, Argentina: Volunteers select donated food at the Food Bank warehouse in Munro, Buenos Aires province, Argentina. —AFP

With inflation rising, millions in Argentina rely on food aid

BELEN DE ESCOBAR, Argentina: Elena Gonzalez's backyard soup kitchen is a hive of activity, with busy hands chopping and stirring as a cauldron with a bit of chicken and much rice boils over a wood fire in a poor Argentina neighborhood. Gonzalez's soup kitchen in Belen de Escobar, some 55 kilometers (34 miles) from Buenos Aires, is one of more than 1,500 in the country of 45 million.

Argentina has a long history of high inflation but is going through a particularly rough patch, worsened by the global repercussions of the war in Ukraine. With food prices in the country rising 20 percent in just three months, a complex network of public and private organizations is required to feed millions of increasingly hungry mouths.

"The situation is getting more and more complicated," said Gonzalez, whose soup kitchen is eight years old. From a combination of state aid, private donations, contributions from local residents, a communal vegetable garden and a few chickens, she manages to put food on the table.

Gonzalez says she cannot afford to miss a day of cooking. "The local children would come to my door to demand their plate," she told AFP.

Her soup kitchen receives help from the network Barrios de Pie (Neighborhoods on their Feet), a social movement born from the economic crisis 20 years ago, and for which the need has never abated. It is an essential cog in the wheel of citizen mobilization topping up the public aid on which more than four million people depend, according to official figures.

Recently, the government has had to increase by 50 percent—to between \$78 and \$156 per month—the food stamps that some 2.4 million households rely on. Another 300,000 mouths are fed at school canteens, while yet more get their daily meal from religious organizations and NGOs.

Local shops fill in some of the remaining gap, delivering unsold food to soup kitchens or sometimes directly to households in need.

"Argentina has a much larger social assistance network than other Latin American countries," sociologist Ricardo Rouvier of the University of San Andres told AFP. —AFP

Huawei to highlight new opportunities at SAMENA summit

DUBAI: SAMENA Telecommunications Council has partnered with Huawei to host this year's SAMENA Council Leaders' Summit 2022 for the ninth consecutive year. The annual gathering of Telecoms multi-industry leaders will take place on May 9th, 2022, under the chairmanship of SAMENA, and with the patronage of the UAE's Telecommunications and Digital Government Regulatory Authority.

Held under the theme of "Thriving with Resilience & Integration in the New Opportunity Realm", the Leader's Summit will welcome Chairmen and CEOs from the private sector and top decision-makers from regional regulatory authorities, global bodies and institutions, as well as the participation of global leaders and entities focused on institutionalizing and fostering cross-sector digitization and collaboration.

The summit will focus on the business opportunities availed through the integration of technologies, infrastructure investments, connectivity, and spectrum availability to benefit vertical industries and economic sectors, in alignment with the region's government visions.

More specifically, Huawei will highlight the role of 5G, cloud and digital power in tackling the sustainability needs of the telecom industry and how an integrated

intelligent ICT architecture will light up the future. Huawei will further delve into cloud's integral role in enabling the digital economy and data sovereignty through its 'Everything as a Service' model.

Experts will also address how network technology is changing industries and the society, in turn, changing the demands of data in the network, as well as explore connectivity requirements for the 5G era and explore new trends and innovations that will drive new advanced networks. Operators can improve networks capabilities and performance by taking advantage of new technologies and larger bandwidth spectrum such as 6GHz frequency band and the introduction of intelligent capabilities into industrial mobile networks. As networks evolve given the increased demand for reliable connectivity, ultra-low latency, and the need for speed, coverage, and capacity, security will be a key discussion point during the Summit. Huawei will highlight how security needs to be fully considered before commercial use, and the importance of aligning with global network standards set by bodies such as 3GPP and the GSMA. These bodies have formulated the NESAS/SCAS global security standard certification system for network equipment that many Middle Eastern countries already include in their national network security policy.

Steven Yi, President of Huawei Middle East, said, "Digital transformation has pivoted to new heights, with 5G era infrastructure and communications technologies taking center stage. Through the Leaders' Summit 2022, Huawei will fulfill its commitment to bringing technological advances to even more indus-

tries and create new value by helping governments and enterprises go digital while operating more intelligently."

Bocar BA, CEO & Board Member, said: "The Leaders' Summit 2022 aims to signal normalcy in business and to help open doors for leadership discourse on critical industry, policy, business, and societal matters as digital transformation accelerates. We look forward to connecting with industry leaders and experts after a hiatus of two years for the physical edition of the Leaders' Summit 2022, and anticipate that we may productively address technology, sustainability, and cooperation-building challenges on multiple fronts."

During the Summit, UNESCO Institute for Information Technologies in Education (UNESCO IITE) and Huawei, will announce the launch of a new joint insight report on ICT in higher education and technical and vocational education (TVET) in the Middle East and Pakistan called "Talent Ecosystem for Digital Transformation". The report's findings have revealed the importance of developing ICT talents and creating relevant ecosystems to enhance ICT skills in the region and expand access to career opportunities in the digital world.

To foster an industry-wide culture of inclusion and inclusiveness, Huawei is committed to creating value for telecom carriers and helping enterprises accelerate their digital transformation. The company places great importance on continuous R&D investments. The company's R&D expenditure reached about \$22.38 billion in 2021, representing 22.4 percent of Huawei's total revenue.

Americans' spending grew in March amid high prices

WASHINGTON: As their wages rose last month, Americans channeled more dollars towards services even as prices continued ticking higher, government data released Friday said.

The Commerce Department reported personal consumption expenditures (PCE) climbed 1.1 percent in March, almost twice what analysts expected, while incomes saw a forecast-beating 0.5 percent increase, both signs of continued resilience in the economy. The data also confirmed the potency of the continued inflation wave hitting the world's largest economy, as prices rose 0.9 percent in the month, much more than the increase seen in February.

Compared to a year ago, they were up 6.6 percent, with energy prices shooting up 33.9 percent after Russia invaded Ukraine in February. Food prices

jumped 9.2 percent. PCE is the Federal Reserve's preferred price gauge and the strong demand coupled with high inflation will likely bolster the case for the central bank to raise rates by a half-percentage point when they meet next week, with more hikes to come in future months.

Most of March's spending went to services, which grew \$114.6 billion, as consumers paid for international travel, accommodation and food services, among a wide range of business, the report said. Goods outlays rose \$70.4 billion, according to the data, as Americans spent more for gasoline but cut spending on durable

goods, such as motor vehicles and parts, where prices have risen dramatically amid a global shortage of semiconductors.

Income rose due to a combination of increases in wages, farm revenues caused by higher food prices and a rise in interest payments. While prices accelerated overall last month, "core" prices, which exclude volatile food and energy costs, showed signs of easing.

They were 5.2 percent higher compared to March 2021, slightly less than the annual increase seen in February. On a month-to-month basis, they rose 0.3 percent, the same as the month prior. —AFP