

Business

UK oil capital tackles energy transition, up to a point

Johnson promises to make Britain the 'Saudi Arabia' of wind power

ABERDEEN: In Aberdeen, northeast Scotland, offshore wind turbines, the extension to the city's port, and hydrogen buses are clear evidence of the move to green energy. But old habits die hard in the Granite City, which was built on the back of profits of oil and gas piped from the often turbulent waters off its shores.

Mention the energy transition and the response is of a "renewables boom", never a decline in the drilling for hydrocarbons. That looks likely to be the case for as long as oil and gas remains in the ageing North Sea fields. Just a few months ago, the UK, which wants to become carbon neutral by 2050, hosted the world at the UN climate change conference COP26 in Glasgow.

Prime Minister Boris Johnson promised to make the country the "Saudi Arabia" of wind power. The price of energy has since taken off, especially after Russia's invasion of Ukraine, sending bills soaring and leaving many householders struggling to make ends meet. Disruptions in the delivery of Russian gas to places such as Poland and Bulgaria have also seen the security of energy supplies become a top priority. Downing Street has published a new strategy which continues to advocate the development of renewable energies. But it also calls for investment in North Sea oil and gas.

Security

Deirdre Michie, chief executive of lobby group Offshore Energies UK, said the move was welcome and a "positive reinforcement" of the role the sector plays in both energy security and the energy transition. "Even before the energy strategy we absolutely believed that security of energy supply and the energy transition go hand in hand," she told AFP. John Underhill, a professor in geoscience and energy transition at the University of Aberdeen, is in no doubt there has been a revival

of interest in oil and gas—even in fields considered "sub-commercial". The Cambo oil field, off Shetland in Scotland's far north, now looks set to be developed, despite fierce opposition from environmentalists which caused Shell to pull out and work to be suspended. Underhill said people have started to think about where the energy comes from, and about "the role oil and gas plays in the UK and the wider community."

In Aberdeen, local officials are in lockstep with industry. Jenny Laing, who stepped down as leader of Aberdeen City Council last week, said: "With the local authorities in the last 10 years we've invested heavily in renewable energy sources... "But we do that in tandem with making sure we're supporting the oil and gas sector. We realize people will be relying on fossil fuel for a number of years to come."

For Laing, and for Michie, geopolitical unpredictability means it's better to rely on oil and gas brought up from beneath British waters than more polluting energy from Russia or elsewhere.

Expediency

For Aberdeen and the surrounding area, economic expediency trumps everything.

Most locals either work in the industry or know someone who does. Britons have abiding memories of the devastating impact of Margaret Thatcher's abrupt closure of coal mines and steel plants in the 1980s. And while the price of crude has spiraled to more than \$100 a barrel since Russia's invasion, Aberdeen and its environs are still recovering from 2014 when prices went the other way, plunging below \$50. Investment in renewables is therefore encouraged but not at the expense of scaring away the oil giants, mainly because they have the capital necessary to finance the energy transition.

"In Aberdeen we've had a very buoyant econo-



ABERDEEN, UK: In this file photo taken on April 29, 2022 supply vessels used in the oil, gas and renewable energy industry are docked by the Caledonian Oil's tank, at the Aberdeen Harbour, in the North East of Scotland. —AFP

my due to the oil and gas sector," said Laing. "We want to make sure that we protect jobs and our local economy." Many also want the energy transition to be an opportunity to create a more level playing field. Scott Herrett, who works as a "just transition organizer" at Friends of the Earth Scotland, said: "We have vast wealth which gets generated offshore in the North Sea here in Aberdeen and the northeast of Scotland.

"But we still have mass inequality in the city." Scientists from the UN Intergovernmental Panel on Climate Change in April warned that humans have only three years to radically transform the world economy, weaning it off fossil fuels to avoid catastrophic warming of the planet.

Aberdeen is trying to diversify, focusing on health, tourism and life sciences—but it's not ready yet to do so without the money oil brings. —AFP

EBRD bank raises 1.04bn for Ukraine

BRUSSELS: The European development bank raised one billion euros (\$1.04 billion) in aid for Ukraine at its annual meeting this week, the institution's president said Thursday.

The money comes on top of two billion euros in a "resilience package" that was launched by the European Bank for Reconstruction and Development (EBRD) at the start of Russia's invasion of Ukraine.

"Donors have expressed the intention" to provide one billion euros to the bank "in response to the war on Ukraine", EBRD president Odile Renaud-Basso said at a news conference in the Moroccan city Marrakesh. The EBRD forecast this week that the Ukrainian economy will shrink by 30 percent this year, more than previously estimated. The World Bank expects the country's economy to shrink by an even larger 45 percent. "Ukraine needs our help to support vital infrastructures, to maintain access to electricity and transport, railways," Renaud-Basso said.

"Ukrainian municipalities need support to cope with large numbers of displaced refugees," she said.

"The Ukrainian economy needs the money to support companies and try to keep going within the world economy, which is crucial, for example, for the food security of many countries," the EBRD head said, referring to Ukraine's role as a major exporter of wheat and sunflower.

'Major challenge'

Ukraine estimates that it needs around \$5 billion per month just to cover its budget deficit.

It also wants donors to focus also on its future reconstruction. Ukraine's Finance Minister Sergiy Marchenko had urged international donors to "maximize" efforts to help his nation in a video link address to the EBRD on Wednesday. Kyiv can only cover about 62 percent of primary budget needs excluding military expenditure, Marchenko said.

Ukraine has been pushing Western countries for more support. US lawmakers voted Tuesday to send a \$40-billion aid package to Ukraine. If the package passes the Senate as expected, US spending to bolster Ukraine's defences and address the ensuing humanitarian crisis will soar to around \$54 billion.

European Union's economy commissioner Valdis Dombrovskis told the EBRD meeting this week that rebuilding Ukraine will be a "major challenge" and that quantifying the cost was not possible as "the damage continues every day". The bloc was willing to "provide large and very meaningful support for those reconstruction needs", he added. The EU was also examining how it could link support with structural reforms "which Ukraine may need, potentially as an EU candidate country", Dombrovskis said. The bloc is due to give an opinion on Ukraine's accession bid next month. —AFP

Kamco Invest reports net profit of KD 3.6m for first quarter of 2022

KUWAIT: Kamco Invest, a regional non-banking financial powerhouse with one of the largest AUMs in the region, announced its financial results for the first quarter ended 31 March 2022. The Company reported a net profit of KD 3.6 million (EPS:10.53fils) compared to KD 1.5 million during the same period in 2021 (EPS:4.52fils), an increase of 132.7 percent.

Total revenue for the period increased by 77.5 percent to reach KD 9.2 million (Q1 2021: KD 5.2 million), impacted by the increase in fee and commission income as well as the performance of the Company's investment portfolio. Fee & commission income increased by 43.4 percent to reach KD 4.8 million, representing 52.5 percent of total revenue.

During the first quarter, assets under management grew by 10.1 percent to reach \$16 billion as of 31 March 2022, impacted by the performance of portfolios and funds managed on behalf of clients, as well as new money raised during the period. Equity funds and managed portfolios continued to outperform their respective benchmarks. The real estate assets under management grew to \$1.5 billion with a total area of 3.35mn sq. ft and an average annual distribution of 7.7 percent to investors.

The Private Equity team continued to undergo plans to exit legacy assets held by the private equity funds. The team is building transactions pipeline for Private Equity deals, evaluating a healthy pipeline of deal flows as well as working on new initiatives and products. Efforts to raise capital for "The JEDI Fund" continue through marketing initiatives directed to qualified investors in Kuwait following the approval granted by the Capital Market Authority.

The Investment Banking team continued to advise their clients with several transactions in the pipeline expected to close during 2022 across Equity Capital Markets, Debt Capital Markets, and Mergers & Acquisitions (M&A). The team managed to complete two M&A transactions on behalf of clients during the second quarter of 2022.

First Securities Brokerage Company, Kamco Invest's brokerage arm, continued to strengthen its competitive position and attracted new clients through its online trading platforms. The company witnessed an increase of 75 percent in the trading value on Bursa Kuwait during the quarter in comparison to Q1-2021, with an increase of 78 percent in commission income generated for the same period. Total assets during the first quarter increased by 4.3 percent to reach KD 135.5 million, whereas shareholders' equity increased by 6.8 percent amounting to KD 64.5 million as of 31 March 2022. The company also enjoys a strong

finding big spenders from other countries to make up for the loss of its Russian visitors. The pandemic had already caused an 80 percent drop in the number of Russian tourists in the Provence-Alpes-Cote d'Azur region, according to the head of the local tourism committee, Francois de Canson.

After Paris, it is the second most popular French destination for Russian visitors. And it is a historic hotspot, too—Russian visitors have stayed here in "sumptuous villas since the 19th century," de Canson added. Russia may not account for the largest number of tourists, but in the past, they could be relied on to bring enormous wealth to the coast. "It's not a huge volume," said Denis Zanon, general manager of the Nice metropolitan tourist office. "But there is a fringe of this market with a lot of money, who live on the coast and whose guests rent villas nearby, bringing work to the luxury hoteliers, yacht rental companies, and private caterers," Zanon said. French Riviera workers in

stretch which "will have an impact on cereal production" in France following lower-than-average rainfall over the winter period. As well as wheat, other crops sown in winter such as barley are in a key development stage in May, while corn and sunflower production over the summer could also be hit.

"There's not a region that's not affected," the head of French farmers' union FNSEA, Christiane Lambert, told AFP. "Each day that passes, we're seeing the ground cracking more... if it carries on like this, those that can irrigate will be okay, but the others will have dramatic decreases in production."

The French national weather service said the country was in the grip of a hot spell that is "notable for its timing, its duration and its geographical spread", with a 20-percent drop in rainfall from September 2021 and April 2022.

Record highs

World food prices hit an all-time high in March following Russia's invasion of Ukraine, which accounted for 20 percent of global wheat and maize exports over the past three years, according to the UN's Food and Agriculture Organization. Ukrainian ports are blockaded by Russian naval vessels and French data analysis firm Kayros recently calculated that the area planted with wheat had been reduced by a third this year



Faisal Mansour Sarkhou

financial position and a "BBB" long-term credit rating and "A3" short-term rating with stable outlook by Capital Intelligence in their latest review in June 2021.

Commenting on the results, Faisal Mansour Sarkhou, Chief Executive Officer, said, "We are pleased with the results achieved as they positively reflect the robustness of our business model and the competitive performance of our products and services, leveraging on the positive sentiments witnessed by regional markets. We managed to grow our assets under management and attract new clients during the quarter, in addition to growing our total revenue, fee income, net profits, and further strengthening our financial position."

these industries have noticed the change.

Lea Combelongue, who worked as a private chef during the pandemic, has lost her rich Russian customers, too. They could be complicated clients—sometimes making last-minute orders for caviar—but they were also generous, she said.

It hasn't been difficult to make up the lost business though, she added, because "there are rich people everywhere". M'nasri agreed. "There's plenty of work," he said. The European Union has blacklisted hundreds of Russian oligarchs and politicians since Moscow's annexation of Crimea in 2014, adding many more following the outbreak of war in Ukraine. But many ordinary Russian families living in France have stayed on the coast, according to Thomas de Pariente, deputy director of tourism in Cannes. "You can still hear Russian spoken on the Croisette," he said, referring to the city's famous beachfront promenade. —AFP



An unusually hot snap this spring and lower-than-average winter rains have left wheat fields parched across France. —AFP

because of the conflict, according to satellite imagery.

Production could fall by as much as 50 percent this year, according to government and industry forecasts, with some farmers abandoning their fields to join the army. The strains on global markets have led to warnings from NGOs and the United Nations that hunger or even famine could strike vulnerable import-dependent countries across Africa and the Middle East. —AFP