EU fails to agree gas price cap amid deep divisions

Many still want some form of workable ceiling on wholesale gas prices

BRUSSELS: EU energy ministers failed Thursday to agree a cap on gas prices to mitigate the energy crunch in Europe amid deep divisions over an initial proposal slammed by many as a "joke". The ministers will now meet in the first half of December to try to bridge differences, said Czech Industry Minister Jozef Sikela, whose country holds the current presidency of the EU.

He added that the ministers did manage to adopt a couple of other "important measures", including joint gas purchases to avoid intra-EU competition driving up prices, supply solidarity in times of need, and hastening authorization of renewable energy sources. Several ministers going into Thursday's meeting complained that the gas price cap proposal on the table, unveiled by the European Commission just two days earlier, was clearly designed to never be used.

The Polish and Spanish energy ministers called the proposal a "joke". Greek Energy Minister Kostas Skrekas said the cap "is not actually a ceiling" on gas prices, and "we are losing valuable time without results". The price cap plan - which the commission was never keen on - sets a maximum threshold of 275 euros per megawatt hour. But it comes with so many conditions attached that it would not even have been activated back in August, when the gas price briefly soared above 300 euros, alarming Europe used to historic prices around 10 percent of that.

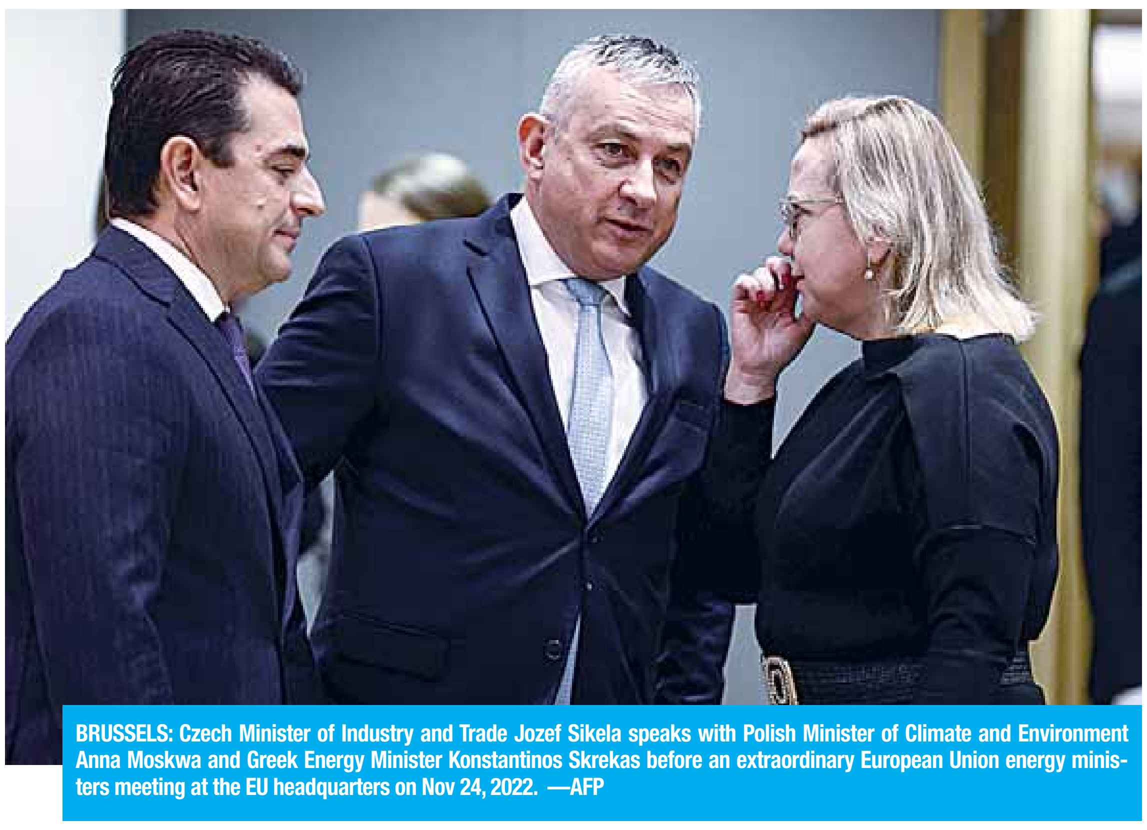
Drop in Russian gas

The cap proposal would only be triggered if the 275-euro limit was breached continuously for at least two weeks, and then only if the price for liquified natural gas (LNG) rose above 58 euros for 10 days within that same two-week period. The price of wholesale gas in Europe on Thursday was around 124 euros, according to the main TTF benchmark.

The commission's proposed price cap was seen as neutered under pressure from members including Germany and the Netherlands, which feared a cap could divert gas supplies to more lucrative markets, especially Asia. Yet at least 15 EU countries - more than half the bloc - want some form of workable ceiling on wholesale gas prices to tackle a crunch in supply forced by Russia's war in Ukraine.

While the European Union hasn't banned Russian gas, the Kremlin has been turning off the taps in retaliation for sanctions imposed by Brussels in the wake of Moscow's invasion. Before the war, Russian gas supplies accounted for more than 40 percent of all imported gas into the European Union, with export powerhouse Germany particularly needy. That has now dropped to less than 10 percent.

But alternative sources-such as LNG shipped from the United States and the Gulf - cannot make up the shortfall, and Europe faces a pricey heating bill for winter. EU energy commissioner Kadri Simson acknowledged the divisions over the price cap as she went into the meeting. She noted that the ministers have "a right to calibrate the different parameters" if they wished - something that may happen in time for their next meeting, likely to be called for Dec 13. The price cap plan, if adopted, would start in January. It would run alongside a voluntary initiative for EU member states to cut natural gas use by 15 percent over the northern hemisphere winter. —AFP



BRUSSELS: Czech Minister of Industry and Trade Jozef Sikela speaks with Polish Minister of Climate and Environment Anna Moskwa and Greek Energy Minister Konstantinos Skrekas before an extraordinary European Union energy ministers meeting at the EU headquarters on Nov 24, 2022. —AFP

CBK regulatory sandbox adopts sustainable fintech products and services

KUWAIT: As part of its efforts to support fintech and keep pace with international best practices on sustainability to achieve social and climate-related goals, and in conjunction with the recently circulated guidelines issued by Central Bank of Kuwait (CBK) regarding Environmental Social Governance (ESG) considerations, the CBK announced priority will be given in its regulatory sandbox to test products and services that support sustainability standards.

This came in a statement in which CBK highlighted its support to the modern financial technologies, and its keenness to encourage innovative FinTech products and services that support ESG by giving them priority for testing within the CBK regulatory sandbox.

The statement added that CBK launched the regulatory sandbox framework in 2018 to test innovative fintech products and services without exposing the financial and banking system to risk, and continued to update the framework for further development and to improve the quality of outputs.

The CBK also referred to the ongoing progress of the services adopted for the banking sector and the national economy and asserted that it will continue to adopt products and services of added value.

LuLu Hypermarket launches Super Friday promotion

KUWAIT: LuLu Hypermarket, the leading retailer in the region and the destination of choice for discerning shoppers, launched the 'LuLu Super Friday' promotion that runs from November 23 to December 3 across all outlets of the hypermarket in Kuwait.

The week-long event was inaugurated on 23 November at the Al-Qurain branch by the popular social media sensation dr_kholodii, in the presence of the top management of LuLu Hypermarket, along with a large gathering of customers and well-wishers of the brand.

The 'Super Friday' promotion features an amazing range of offers and discounts on an array of world-class products for shoppers to choose from, including super-special deals of up to 75 percent discount on select items in all categories, such as electronics, mobile phones, IT equipment, home appliances, fashion, footwear, luggage, toys, household, fragrance, eyewear, and cosmetics among others.

"Buy Hisense & win" contest grand raffle draw winners awarded Qatar World Cup 2022 semifinal tickets. The 'Super Friday' promotion reiterates LuLu Hypermarket's continued commitment to provide shoppers with an unrivaled shopping experience, while offering high-quality products from around the world at exceedingly competitive prices.

UK downturn puts boot into Dr Martens

LONDON: Shares in Dr Martens skidded Thursday after a cost-of-living crisis put the boot into the iconic British shoemaker, its latest results showed. Dr Martens stock slumped 20 percent to 227.80 pence in morning deals on the London stock market. Net profit slid eight percent to £45 million ($53 million) in the six months to September compared with a year earlier, it said in a statement. The performance was marred by the souring UK climate, as consumers tightened their belts in the face of decades-high inflation.

Group revenues, however, rallied 13 percent to £418.6 million on rising prices in the UK and a strong dollar that made Dr Martens cheaper for US customers. The group gained also from an increased focus on direct sales via its own stores and website. At the same time, the stronger dollar increased the cost of raw materials priced in the US unit.

Dr Martens also benefitted from easing coronavirus restrictions. "The iconic British boots brand seemed to defy the doom and gloom over the summer," noted Victoria Scholar, head of investment at Interactive Investor. "However, the macroeconomic pressures from inflation and the consumer slowdown appear to be catching up with it now."

The group warned this would weigh on its profitability in the current financial year. Dr Martens began life in 1959 as a tiny German company making orthopedic boots. It became a publicly-listed company nearly two years ago when it floated on the London stock market. Its initial public offering came in at 370 pence. —AFP

EU lawmakers back €18bn Ukraine aid stalled by Hungary

STRASBOURG, France: The European Parliament on Thursday approved an 18-billion-euro ($18.7-billion) EU financial support package to get Ukraine through 2023, but the plan remains blocked by opposition from Hungary. Kyiv is urgently seeking billions in emergency funding for next year as it struggles to weather the economic fallout of Russia's devastating invasion.

Hungary - which has the closest ties to Moscow of the European Union's 27 members - says it opposes joint borrowing by the bloc to fund the aid package. Instead, it plans to provide support bilaterally to Ukraine. On Wednesday, Hungary said it would send 187 million euros in financial aid to Ukraine-just one percent of the sum the EU wants to mobilize.

The EU's top budget official accuses Hungary of barring the bloc's financial plan in a bid to blackmail Brussels into releasing billions of euros of EU funds to Budapest. The funds are held up by concerns over corruption and judicial independence. The EU has stalled on disbursing 5.8 billion euros in post-Covid recovery funds to Hungary's right-wing government and is threatening to hold back another 7.5 billion euros.

In a resolution approved Thursday, MEPs urged the European's executive arm to stand firm in the face of the pressure from Budapest. The EU has already sent Ukraine over 6.5 billion euros in macro-financial assistance to Ukraine this year.

But the International Monetary Fund estimates that Kyiv will need between three billion and four billion euros per month next year as it struggles to maintain government services while fighting off a Russian invasion that has occupied almost a fifth of its territory. Brussels hopes that its contribution will be matched by Washington and other major international donors to bring the support to the required level.

Prime Minister Viktor Orban opposed a joint loan-financed 18-billion-euro EU support package for Ukraine for 2023, drawing fresh accusations that he is undermining unity in the 27-member bloc. During 12 straight years in power, the staunch nationalist has regularly vetoed, or threatened to veto, EU undertakings on issues from migration to Russia sanctions.

Orban insists that Hungary wants to pay its "equitable" share of Ukraine aid, but on a bilateral basis rather than as part of an EU bloc loan. "We will provide the 187 million euros to Ukraine that would be Hungary's share of the planned 18-billion-euro joint EU loan, through bilateral means from the national budget but not through another joint EU loan," the premier's political director Balazs Orban wrote on Twitter.

A decree signed by Orban and published in the government's official gazette stipulates the finance ministry should secure the money, as Budapest "remains committed to providing financial support to Ukraine as a result of the war". Hungarian Foreign Minister Peter Szijjarto should start talks with Ukraine to agree on the framework required for the financial aid, it added.

KYIV: Local residents queue in line for access to a water pump in a park to fill plastic bottles on Nov 24, 2022, amid the Russian invasion of Ukraine. —AFP

The EU's mammoth support package is aimed at keeping Kyiv's government operating in the face of the Russian invasion. Hungary's opposition to the loan plan, which requires unanimity across the bloc's members, was described as "blackmail" by Brussels. Budapest's announcement of the bilateral aid comes as Brussels nears a decision on the fate of billions of EU funds allocated to Hungary from the bloc's 2021-2027 budget and its COVID recovery fund.

Brussels has not signed off on Budapest's spending plan for the monies due to corruption concerns. The hold-up in EU payments arrives at a bad time for Hungary. The economy is under increasing pressure from a weakening local currency and fast-rising inflation. Both have hit new records this year. —AFP