IMF AND PAKISTAN IN LAST-DITCH TALKS AS LENDER WINDS UP VISIT

FOCUS ON BOOSTING LOW TAX BASE AND ENDING TAX EXEMPTIONS FOR EXPORT SECTOR

KARACHI: Pakistan's government on Thursday remained locked in crunch talks with the IMF over the release of a crucial financial bailout on the last scheduled day of the global lender's visit. An International Monetary Fund (IMF) delegation landed in Islamabad last week to thrash out tough conditions that Prime Minister Shehbaz Sharif called "beyond imagination".

Pakistan's economy is in dire straits, stricken by a balance of payments crisis as it attempts to service high levels of external debt amid political chaos and deteriorating security. "The IMF is clearly asking for much more than what the government is willing to do, even with a little bit of arm twisting," said economic analyst Abid Hasan, a former adviser to the World Bank, in the capital Islamabad.

"Both sides are waiting for the other to blink."

Finance Minister Ishaq Dar told reporters on Thursday that "a final round of talks is going on". The IMF wants a boost to the pitifully low tax base, an end to tax exemptions for the export sector, and further hikes to artificially low petrol, electricity and gas prices meant to help low-income families.

It is also pushing for Pakistan to keep a sustainable amount of US dollars in the bank through guarantees of further support from friendly nations Saudi Arabia, China and the UAE, as well as the World Bank.

"There is no deadlock," Pakistan Energy Minister Khurram Dastgir Khan told local media on Wednesday."Detailed and vigorous discussions have been held in the past 10 days." "I have full hope that these talks will be concluded successfully."

Bowing to pressure

Years of financial mismanagement and political instability have damaged Pakistan's economy-damage exacerbated by a global energy crisis and devastating floods that submerged a third of the country. With the prospect of national bankruptcy looming, Islamabad in recent weeks began to bow to pressure, prompting the IMF's last-minute visit.

The government loosened controls on the rupee to rein in a rampant black market in US dollars-a step that caused the currency to plunge to a record low-and hiked petrol prices by 16 percent. A government official, who asked not be named, told AFP that the "IMF is not satisfied with the current prices of petroleum and energy". Fears of a further price hike have seen hoarding in the country's largest province of Punjab, pushing the state minister Musadik Malik to report that the government had "no plans to increase the fuel price".

Meanwhile, struggling industries are battling for the government to unblock imports, with thousands of shipping containers held up at Karachi port.

The steel industry has warned the government that unless scrap metal imports are restarted, there will be a cascading effect on employment. Pakistan had sketched out a $6.5 billion loan package with the IMF, which has so far paid out roughly half that amount. —AFP

KARACHI: Stockbrokers look at the latest share prices at the Pakistan Stock Exchange (PSE) in Karachi on February 9, 2023. —AFP

ECB WARNS UNIONS AGAINST 'EXCESSIVE' PAY DEMANDS

FRANKFURT: Labour unions should avoid making excessively high wage demands that could further fuel inflation, a senior European Central Bank official said Thursday. Although workers were justified in seeking higher salaries to compensate for soaring consumer prices, "a wage-price spiral must be avoided", ECB vice-president Luis de Guindos said. "Inflation will abate in the course of the year: we expect an average inflation rate of around six percent this year, with 3.6 percent in the last quarter," he said in an interview with Germany's Sueddeutsche newspaper.

"The trade unions may, however, be inclined to ask for excessive pay rises. We need to be careful," he said. In a wage-price spiral, where higher salaries push up business costs that in turn lead to further price increases, "no one wins", De Guindos said.

Instead, he said, eurozone governments need to offer targeted support to help those hit hardest by inflation. "People could then reduce their wage demands and the ECB would not have to tighten its monetary policy so much," he said.

The European Central Bank has raised interest rates by three percentage points since July to cool inflation, which has soared in the wake of Russia's war in Ukraine. Eurozone inflation has eased somewhat after reaching a peak of 10.6 percent in October, in part thanks to a drop in sky-high energy costs. Consumer price growth in the 20-nation currency slowed to 8.5 percent in January, still well above the ECB's target of two percent.

In Germany, Europe's biggest economy, inflation reached 8.7 percent in January, figures released on Thursday showed. The country's largest union, IG Metall, staged a series of warning strikes late last year as it sought higher wages for almost four million workers in industrial sectors. It eventually agreed to a below-inflation pay increase totaling 8.5 percent over two years. Germany's powerful Verdi union is currently demanding a 15 percent salary increase for Deutsche Post employees, which the company has dismissed as unrealistic. —AFP

'OPERATION EXODUS': BRAZIL MINERS FLEE YANOMAMI LAND

BOA VISTA, Brazil: Wearing broken flip-flops held together by a frayed cord, Joao Batista, an illegal gold miner in the Brazilian Amazon, has been walking for days to escape the jungle, fleeing a looming security-force crackdown.

The wiry 61-year-old with deep creases in his leathery skin is one of thousands of mine workers rushing to leave the Yanomami Indigenous reservation, as Brazil sends in the police and army to wrest back control of the remote territory from invaders accused of sparking a humanitarian crisis. Indigenous leaders say illegal miners have poisoned the water with mercury, destroyed the rainforest, raped and killed inhabitants, and triggered a food emergency that is devastating the reservation's 30,000 Yanomami.

Batista, who spent the last seven months working at an illegal mine, does not see himself as a criminal. But he says life left him few options other than "garimpo"-wildcat mining. "Look, I never went to school. At my age, what else am I going to do to survive?" he told AFP as he walked down a dirt road outside the town of Alto Alegre, in the northern state of Roraima. He still had around 85 kilometers (53 miles) to go before returning to his home in the state capital, Boa Vista. Up the road, a family fleeing a mine camp was trying to hitch a ride to the capital-a 23-year-old mother, 15-year-old father and their three small children. They caught malaria in the rainforest, and were too sick to walk, they said.

"Our kids are sick, too. I need to get to Boa Vista," said the young father.

Reverse gold rush

There has been an exodus of mine workers from the Yanomami reservation since President Luiz Inacio Lula da Silva ordered Brazil's military to establish a no-fly zone there last week, cracking down on the bush planes the mines rely on for food and supplies. Some are making the gruelling trek out on foot. Others are fleeing down the Uraricoera river, crowding more than 30 people onto long, narrow boats.

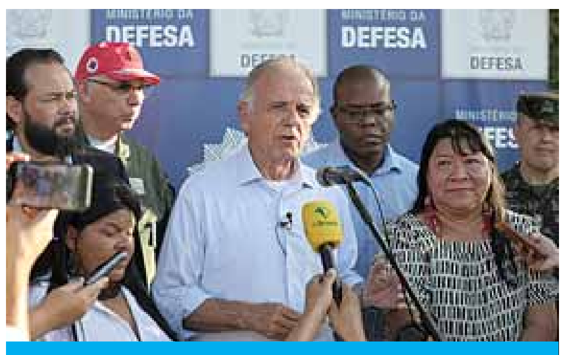
Justice Minister Flavio Dino said Monday the government had begun deploying more than 500 police and soldiers for an operation to evict the miners, along with the mine-camp cooks, prostitutes and others drawn to the rainforest gold rush. Dino said the government expected at least 80 percent of the estimated 15,000 people who have invaded the Yanomami reservation would leave on their own before authorities began "coercive" measures, which he said would come this week.

As a first step, environmental agency IBAMA said Wednesday it had started destroying heavy equipment seized at the mines, including a helicopter, plane and bulldozer. The Yanomami territory, Brazil's biggest Indigenous reservation, is one of several to suffer a massive influx of illegal miners under far-right ex-president Jair Bolsonaro (2019-2022), whom activists accuse of encouraging the incursions.

'Real criminals'

The crackdown is stoking tension in the region, where an entire economy has developed around the illegal gold industry. Gold sells for 280 reais (around $55) a gram on the black market in Roraima. AFP met miners carrying up to 30 grams.

But the money risks running out fast. At a local truck stop, an illegal bush pilot flashed a handful of gold-his payment for a recent flight. He said he worried it would be his last: he has had to stop working because of the no-fly zone. Locals fear the impact of a massive influx of newly jobless workers.



BOA VISTA, Brazil: Brazil's Defense Minister Jose Mucio (center) delivers a speech next to the president of the National Foundation for Indigenous Peoples (FUNAI), Joenia Wapichana (right), during an inter-ministerial visit to address the humanitarian and health crisis involving the Yanomami indigenous people, in Boa Vista, Roraima State, Brazil, on February 8, 2023. —AFP

Military police in Roraima launched what they called "Operation Exodus" to "intensify" their presence in the region and "preempt disturbances."

Authorities have encouraged the miners to leave the reservation voluntarily-though Dino vowed to prosecute "all those who committed crimes such as genocide, environmental crimes, financing illegal gold mining and money laundering." One 58-year-old miner, who asked to be identified only as "Parmalat," his nickname, said he resented being treated like a criminal, when crimes like corruption often go unpunished. "We're treated like we're worthless," he said. "All we want to do is work, and we're called criminals. The real criminals aren't treated that way." —AFP

WARBA APPOINTS AL-QATAMI AS CHIEF RETAIL BANKING OFFICER

KUWAIT: As part of the bank's strategy that aims and contributes to strengthening its leadership in the growth and prosperity of the bank's business, and empowering Kuwaiti staff, Warba Bank appointed Ahmed Faisal Al-Qatami as the Chief Retail Banking Officer, after obtaining the approval of the Central Bank of Kuwait.

In a press release, the Bank pointed out that this appointment reflects Warba's initiatives and vision in strengthening its human resources with national manpower, foremost of which are leadership positions. The bank stated that attracting successful leaders is one of the main strategies pursued by Warba Bank, as Al-Qatami, who holds a Bachelor's degree in Business Administration from the University of Portland, and who has a variety of banking experience for more than 22 years, is well-versed in the banking and financial sectors. Al-Qatami obtained many courses in the banking sector. He started his career in a local bank in 2001 and held many positions in the banking and financing sector - private banking services. He also worked in 2010 as a manager of private banking services. Moreover he held the position of Executive Vice President in an investment company, and Al-Qatami held many memberships in the board of directors of several companies.

Ahmed Faisal Al-Qatami

Shortly after its founding, Warba Bank succeeded in establishing its position in the banking sector, and occupied a leading position in the field of Islamic digital banking services for individuals, as the Bank's shareholder base is considered the largest among local banks. This makes it the closest bank to the members of society, as it lives up to the aspirations of the Kuwaiti society and deservedly earned their trust in a short period.

EU RECYCLES GREEN INVESTMENT PLANS TO OFFSET US SUBSIDIES

BRUSSELS: Confronted by competition from Washington's vast green tech investment plan, European leaders are scrambling to loosen their own subsidy rules and redeploy an array of investment funds.

Thursday's summit of the 27 EU heads of state or government is expected to be overshadowed by the first war-time visit of Ukraine's President Volodymyr Zelensky. But, after their special guest has asked for more weapons, the leaders will turn to their own differences over how to respond to the vast financial firepower of the US Inflation Reduction Act. European capitals fear the US subsidies for clean tech will lure investment across the Atlantic, and torpedo the bloc's recovery plans.

The EU executive, Ursula von der Leyen's European Commission, has prepared a suggested response-but member states are divided over how far to go and how to fund the plan. Von der Leyen's plan would see Europe's tight controls on state subsidies loosened, allow member states to give grants or tax breaks to their own firms building renewable energy and cutting carbon emissions.

But some members fear this could trigger a subsidy war with Washington or undermine their own single market, with big players like France and Germany already stepping up their own state aid.

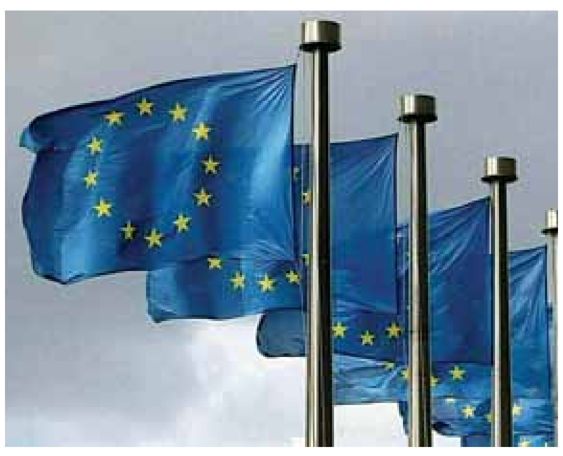
The anti-subsidy straight-jacket was already loosened as part of the response to the COVID pandemic, and countries such as Italy, Austria, Denmark and Finland oppose making it meaningless. "On this topic, there'll always be two for and 25 against," one European diplomat joked-referring to Germany and France's ability to exploit looser EU rules with bigger national subsidies.

Sparing Europe's blushes

France and Germany are not in agreement, however, about new joint financing schemes. Here, Paris sides with Rome and others in promoting new shared investment funds to pool European investment to boost industry and fight off US and Chinese competitors. Von der Leyen has promised to draw up a blueprint within the next five months for a so-called "Sovereignty Fund" to fund joint investment in strategic businesses.

But the member states are already fighting over whether to even mention this upcoming idea in Thursday's post-summit joint statement-and some are trying to kill the plan. Germany will oppose any joint borrowing to finance the fund and with other net contributors to EU funds, such as Sweden or Austria, oppose increased EU membership contributions to pay for it.

This leaves the Commission's rough menu of existing funds such as the 800-billion-euro NextGenerationEU, which one diplomat from a net contributing country said should be used up



before creating something new. Some 250 billion euros from the fund could be moved to finance European industry's green transition.

Bringing together other EU investment funds already assigned to investment, innovation and energy would leave Europe not far short of the $370 billion that Washington is looking to spend.

"Europe need not blush," German Chancellor Olaf Scholz said Wednesday. Paris is undeterred. An official in President Emmanuel Macron's office insisted the sovereignty fund plan would indeed be in the final summit statement. A diplomat from a country opposed to increased spending conceded it would be "noted" but that many countries did not see why it should be talked about before von der Leyen's formal proposal. —AFP

GERMAN INFLATION EDGES HIGHER IN JANUARY

BERLIN: German inflation picked up slightly in January, preliminary data showed Thursday, as the impact of a one-off energy subsidy the month before wore off. Consumer prices accelerated by 8.7 percent year-on-year, federal statistics agency Destatis said, up from 8.6 percent in December.

The increase was smaller than expected, with analysts surveyed by FactSet predicting price growth of 8.9 percent. Destatis was initially scheduled to release its January data last week, but delayed the publication over an "unexpected technical problem".

As a result, the EU's statistics office Eurostat was forced to use an estimate for Germany when it released the eurozone inflation rate. Eurostat calculated that inflation in the 20-nation currency club had eased for a third straight month, to 8.5 percent, but uncertainty hung over the figure.

"The increase published today is the missing piece of the puzzle," said KfW chief economist Fritzi Koehler-Geib. "Although the peak has probably been passed, it is premature to sound the all-clear," she said. "While pressures from energy prices will decline in perspective, service and industrial goods prices are gaining in importance this year." —AFP