Kuwait Times Established 1961

MONDAY, MAY 8, 2023

Business

Resourceful Gazans create work to overcome economic hardship

Unemployment rate for young Palestinian graduates hits 73.9%

DEIR EL-BALAH, Palestinian Territories: In this picture taken on March 29, 2023, Salama Badwan, a 40-year-old Palestinian man, and his wife Alaa, 40, tend to Aloe Vera plants grown on their roof to be used for oil extraction and soap-making, at their home in Deir Al-Balah in the centre of the Gaza Strip. — AFP photos

GAZA CITY: Seeking a path out of the Gaza Strip's grinding poverty, Islam Abu Taima combs market alleyways for scraps of cardboard, hoping to transform the castoffs into sellable toys. Poverty in the conflict-wracked Palestinian territory, a thin strip of land wedged between Zionist entity, Egypt and the Mediterranean Sea, has hit a rate of 53 percent, according to the Palestinian Central Bureau of Statistics. Work opportunities are scarce in Gaza, which has been under a crippling Zionist entity-led blockade since the Islamist movement Hamas took power in 2007, and Abu Taima, an English literature graduate, has struggled to find a job.

She lives with her husband Mohammed, who is also unemployed, in Al-Shati refugee camp where they began making toys for their five children because "the children keep asking" for them.

Abu Taima's husband "started making bicycles and a small car for them to play with". "They were happy and we found them lovely," said the 39-year-old, whose home lacks running water or electricity. She now sells their creations for five to 10 shekels ($1.40 to $2.80) a piece on pavements in central Gaza's more affluent areas. Abu Taima and her husband also use their creative skills to make models and toys that would otherwise be unattainable to their family.

"My husband thought of making old planes and convertibles like the ones famous people drive. It helps him come out of his depression," she said. For Abu Taima, scouring Gaza's markets for cardboard can be tough. "I find it difficult when I walk on the street because people look at me with confusion and ask: 'Why do you collect cardboard?' I can't answer everyone," she said.

The couple makes one or two toys a day, but even if they sell all their wares the profit falls short of the 450 shekels needed to pay their monthly rent.

"The goal is to help my family live, and make my living on a daily basis, as simple as it is." With the unemployment rate hitting 45 percent, according to the International Monetary Fund, many more Gazans are finding alternative ways to make a living.

Soap startup

In Deir Al-Balah in central Gaza, Alaa and Salama Badwan have transformed their rooftop into a small plant nursery. "We use the roof because we lack space," said Salama, 40, between red and green-painted tires serving as pots. Alaa collects the sap from aloe vera plants, which Salama then uses to make soaps in a makeshift home workshop.

So far, they have yet to cover the start-up costs of the nascent project.

Alaa, 37, came up with the idea while researching natural cosmetics online, which have become fashionable in the coastal enclave. They sell their produce to local pharmacies and have ambitions for it to become as popular as the famed olive oil soap from Nablus, a city in the occupied West Bank.

"The situation is difficult but people's attitudes are positive," said Alaa. After returning to Gaza to help her family, 25-year-old graduate Amani Shaath failed to find work.

According to Palestinian figures, the unemployment rate for young graduates has hit a staggering 73.9 percent. Shaath had worked for four years in fast-food outlets in Turkey, and in February took matters into her own hands by opening a kiosk on Gaza's seafront, selling hamburgers for 15 shekels each at the popular recreational spot. Beachside food outlets have multiplied in recent years, but few are staffed by women. "The first day, people looked at me with astonishment. That shocked me and I was scared that the project would fail," Shaath said. "Then people started to come and they encouraged me, especially because I'm a girl." — AFP

GAZA CITY: A picture taken on April 13, 2023, shows Palestinian graduate Amani Shaath, 25, working at her fast-food kiosk on the Gaza seafront.

Saudi economy expands 3.9% on non-oil sector boost

RIYADH: Saudi Arabia's economy expanded by 3.9 percent in the first quarter on an annual basis, boosted by growth in its non-oil sector as the kingdom continues efforts to diversify its economy from hydrocarbons. Non-oil activities grew 5.8 percent in the first three months of the year compared with the same quarter in 2022, while oil activities rose 1.3 percent during the period, initial estimates released by the General Authority for Statistics on Sunday showed.

Meanwhile, government services activities increased 4.9 percent year-on-year during the first quarter, the government agency said. The economies of oil-exporting countries in the Middle East and North Africa region are expected to remain resilient, supported by robust momentum of their non-oil economic growth, even if hydrocarbon revenue declines, the International Monetary Fund said earlier this month. Saudi Arabia benefitted from a surge in oil prices last year up to as much as a notch under $140 per barrel after Russia's invasion of Ukraine.

The Arab world's largest economy expanded 8.7 percent last year, the highest annual growth rate among the world's 20 biggest economies, driven by higher oil prices and the strong performance of its non-oil private sector. The hydrocarbon revenue windfall in 2022 helped the oil exporter to build fiscal buffers and invest in driving its non-oil economic growth.

Saudi Arabia's economic growth of 3.9 percent in the first quarter slowed from the 5.5 percent annual expansion in the fourth quarter of 2022, Gastat data showed. This decrease was primarily due to a decline in oil activities in the first quarter, which rose 6.1 percent in the fourth quarter, compared with the 1.3 percent increase in the January-March period.

This year, the IMF expects a drop in the growth of the GCC region's oil gross domestic product due to "several cuts" in oil production and "various adjustment in the OPEC+ agreement", Jihad Azour, director of the IMF's Middle East and Central Asia Department, said last week.

OPEC+ producers have announced voluntary output cuts totaling 1.16 million barrels per day to ensure oil market stability. Saudi Arabia, the world's biggest oil exporter and OPEC largest producer, will cut its output by 500,000 bpd from May until the end of the year.

"It's important, especially for the GCC, to differentiate between their oil and the non-oil sectors," Azour said. "The good news is that growth in the non-oil sector is somehow resilient — around 4 percent to 4.5 percent on average this year and next. "This reflects the efforts that were made to diversify economies and also the fact that governments have increased their capacity to raise revenues outside of oil."

It is important for Mena oil exporters to remain on the path of non-oil economic growth and being "less dependent" on oil revenue to accelerate the diversification of their economies, which, in turn, will allow governments to generate additional income, he said. The kingdom is in the midst of a major economic diversification drive under its Vision 2030 agenda, amid a push to reduce its reliance on oil and tap into other high-growth industries to boost its economy, create more jobs and attract private investment. Saudi Arabia is investing heavily in its non-oil sector including developing tourism, hospitality, aviation, logistics, advanced manufacturing and technology industries. Saudi Arabia plans to add 315,000 new hotel rooms with an estimated development cost of $37.8 billion by 2030, taking the total stock to nearly 450,000 hotel rooms, with giga-projects such as the futuristic city of Neom leading the supply pipeline, according to Knight Frank's 2023 Saudi Report issued last week. — Agencies

CBK: Kuwait's money supply increased to KD 39.2bn in March

KUWAIT: The Central Bank of Kuwait (CBK) announced on Sunday that its data for the "Monthly Monetary Statistics" showed that the Money Supply (M2) went up by 0.4 percent in March, reaching KD 39.2 billion (around $129.3 billion).

The CBK's economic research department revealed in its data, obtained by KUNA, that residents' private sector deposits in Kuwaiti dinar increased by 0.4 percent to KD 35.8 billion (around $118 billion). The residents private sector deposits in foreign currency went down by 1.1 percent to KD 1.7 billion (an estimated $3.6 billion).

The statement also revealed that local banks claims on CBK went up to reach KD 3.4 billion (around $11.2 billion). Local banks' total assets decreased by 0.8 percent to register KD 85 billion (around $280 billion), while net foreign assets went up by one percent KD 10.1 billion (around $33.3 billion). Time deposits with the CBK jumped last March by 76 percent to KD 2.6 billion (estimated $8.5 billion). Balance of utilized cash credits facilities decreased by 0.6 percent to KD 52.3 billion (an estimated $172.5 billion). Interest rate (return) on one-year treasury bonds remained stable at 4.5 percent last March.

Financing of Kuwaiti imports leapt by 60.3 percent top KD 1.1 billion (around $3.6 billion), while average USD exchange rate against KD (fils) went up by 0.3 percent last March to 306.6 fils. — KUNA

KUWAIT: Kuwait's money supply (M2) went up by 0.4 percent in March, reaching KD 39.2 billion (around $129.3 billion).

Biden, Republicans meet Tuesday to foil default disaster

WASHINGTON: Washington's power brokers love playing chicken. But the rest of the world will watch in dread Tuesday when President Joe Biden and Republican leaders meet to negotiate the US debt ceiling—praying that one side finally blinks.

The White House summit between Biden, House Speaker Kevin McCarthy and Senate Republican leader Mitch McConnell sets in motion the deciding round of a power struggle whose outcome will impact the global economy and could upset the 2024 US presidential election. The immediate issue is raising the debt ceiling, an arcane budgeting procedure that most years passes with little controversy. Basically, the US government always spends more than has been budgeted but, unlike in most countries, then requires congressional approval to borrow extra.

This year, McCarthy and his radicalized right-wing party have decided to say no, unless Democrats first agree to sweeping budget cuts, giving in to the Republican message that Biden has been profligate and irresponsible. Biden, who will be joined in the White House talks by the Democratic minority leader in the House of Representatives, Hakeem Jeffries, and the Democratic majority leader in the Senate, Chuck Schumer, accuses Republicans of "hostage" taking.

He insists that the debt ceiling first be raised—as in other years—and only then can he and the Republicans discuss cutting the budget to reduce that decades-old accumulated debt, currently the world's biggest at $31 trillion. A dispute over sequencing might sound academic. However, with both sides dug in and the deadline approaching, the debate has turned into a life-or-death test of political strength.

Fail to authorize more borrowing and the government will run out of money and default. Cue worldwide panic. Soaring interest rates, stock sell-offs, Treasury bond downgrades, and near certain US recession will be on the menu—and that's before factoring in long-term harm to the US geopolitical brand.

"Even getting close to a breach of the US debt ceiling could cause significant disruptions," warned a White House analysis. "An actual breach of the US debt ceiling would likely cause severe damage." When is doomsday? No one knows for sure. But US coffers could run dry as early as June 1, according to the Treasury. That's just over three weeks from the Tuesday sit-down. As the clock ticks away, the divide appears unbridgeable. The White House is clinging to an "irrational, reckless" strategy and Democrats are "terrified" about allowing "clueless" Biden to negotiate, tweeted the Freedom Caucus—the group of hard-right Republicans effectively controlling the razor-thin Republican majority in the House.

Biden is not budging. A strong economic recovery from the COVID era is one of Biden's main cards in his bid for a second term next year. So the 80-year-old has all the more reason to steer the country clear of crisis. Yet he's also adamant about not caving into the Republican attempt to link budget negotiations to the debt ceiling, saying this will transform a basic, fundamental obligation into a political football.

"They're trying to hold the debt hostage to (get) us to agree to some draconian cuts," he told advisors Friday. Biden repeated one of his favorite stats, noting that Republicans had voted, without imposing any conditions, to extend the debt ceiling three times during the presidency of Republican Donald Trump. "No one's ever not voted to increase the debt limit," he said. "I'm going to reiterate to congressional leaders that they should do what every other Congress has done—that is, pass the debt limit, avoid the default." Analysts say there are several potential exit ramps from imminent default. —AFP