

# EUROPE ENERGY CRISIS – Qatar and Germany sign energy strategic partnership



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Qatar's Emir, His Highness Sheikh Tamim bin Hamad Al Thani, and German Chancellor Olaf Scholz signed a strategic energy partnership on May 20 as Germany scrambles to reduce its dependence on imports of coal and pipelined natural gas from Russia, mainly to punish the latter for its invasion of Ukraine.



Al Jazeera turned to regional energy expert Roudi Baroudi to provide context and analysis for the summit, which could have historic implications. Baroudi confirmed that the German plan centers on a rapid switchover to seaborne shipments of liquefied natural gas, so the government is building two LNG plants, at Brunsbüttel and Wilhelmshaven, along with the possibility of adding three offshore floating storage and regasification units (FCRUs).

Baroudi estimated that these facilities, including the FSRUs, could account for 20-30% of German's annual gas needs of approximately 85 billion cubic meters.

He also explained that Qatar, which has the world's second largest gas reserves and has led the industry in LNG exports for most of the past two decades, would be a natural secure and reliable fit to supply even more gas to European terminals that it already does. The Gulf state has recently invested in even more LNG capacity, via an expansion of its North Field operations, which will see its output once again surpass those of the United States and Australia as the world's largest producer

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# No place to hide: Dollar's surge cuts across markets



LONDON, May 6 (Reuters) – “Our currency, your problem,” were the words of a former U.S. Treasury secretary in 1971 to other finance ministers aghast at the dollar’s surge. More than 50 years on, relentless dollar strength is again leaving a trail of destruction in its wake.

The U.S. currency vaulted to two-decade highs this week, and its strength is tightening financial conditions just as the world economy confronts the prospect of a slowdown.

The surge threatens “to damage the broader market environment and expose the economic and financial cracks in the system,” said Samy Chaar, chief economist at Lombard Odier.

The 8% gain in the dollar index this year may not reverse in the near future.

Safe-haven appeal for the greenback is intact, with a dollar financing stress indicator from Barclays near its highest level in seven years. And analysis of past peak-to-trough ranges implies the dollar index could rise another 2% to 3%, Barclays said.

## IMPORTED INFLATION

The dollar's latest bout of strength has hit other G10 currencies, from the British pound to the New Zealand dollar, as well as those from developing countries that have big balance of payments deficits.

Even the quintessential safe-haven Swiss franc has not been spared, trading near a March 2020 low versus the greenback.

While currency weakness normally benefits export-reliant Europe and Japan, the equation may not hold when inflation is high and rising, as imported food and fuel become costlier as do companies' input costs.

Euro zone inflation hit a record 7.5% this month and Japanese lawmakers are fretting that the yen, at 20-year lows, will inflict damage on households. Half of Japanese firms expect higher costs to hurt earnings, a survey found. [read more](#)

But growth concerns may prevent central banks, especially in Europe and Japan, from tightening policy in line with the Federal Reserve. Many reckon that could push the euro down to parity with the dollar, a level unseen since 2002.

"With economic recession risk present, who cares how hawkish the ECB (European Central Bank) is or what is priced into the rates curve?," Societe Generale strategist Kit Juckes said.

A rising dollar helps to tighten financial conditions, which reflect the availability of funding in an economy.

Goldman Sachs, which compiles the most widely used financial conditions indexes (FCI), says a 100-basis-point tightening in

its FCI can crimp growth by one percentage point in the following year.

The FCI, which factors in the impact of the trade-weighted dollar, shows global conditions are at their tightest since 2009. The FCI has tightened by 104 basis points since April 1. While equity and bond selloffs had a bigger impact, the dollar's more than 5% rise in this period will have contributed as well.

## EMERGING MARKET PROBLEMS

Almost all past emerging market crises were linked to dollar strength. As the dollar rises, developing countries must tighten monetary policy to head off falls in their own currencies. Not doing so would exacerbate inflation and raise the cost of servicing dollar-denominated debt.

This week, India implemented an unscheduled interest rate rise while Chile put in a bigger-than-expected 125-basis-point rate hike.

Median foreign-currency government debt in emerging markets stood at a third of GDP by the end of 2021, Fitch estimates, compared to 18% in 2013. Several countries are already seeking assistance from the International Monetary Fund and World Bank, and further dollar strength could add to those numbers.

Investors are increasingly wary. Emerging market currencies (.MIEM000000CUS) are at a Nov. 2020 low, while the premium demanded to hold EM dollar bonds versus Treasuries is up some 100 basis points this year (.JPMEGDR)

## COMMODITY GAIN AND PAIN

The rule of thumb is that a firmer greenback makes dollar-denominated commodities costlier for non-dollar-based consumers, eventually subduing demand and prices.

That's yet to happen this time as problems such as the war in

Ukraine and China's COVID lockdowns hamper the production and trade in major commodities.

Dollar strength generally means higher revenues for commodity exporters such as Chile, Australia and Russia, though that is offset by higher costs for machinery and equipment.

But as rising U.S. yields and a stronger dollar threaten global growth, commodity prices are starting to suffer. JPMorgan said this week it was reducing exposure to the Chilean peso, Peruvian sol and others to position for "challenging times."

The Fed might welcome a rising greenback that calms imported inflation – Societe Generale estimates a 10% dollar appreciation causes U.S. consumer inflation to decline by 0.5 percentage points over a year.

With U.S. gas prices at record levels, the dollar's surge has so far provided little relief. Money markets expect 200 basis points of rate hikes in the United States over the remainder of the year and see the Fed's policy rate peaking around 3.5% by mid-2023.

However, if upcoming U.S. inflation data for April show price pressures peaking, those bets could be dialled down.

Reporting by Saikat Chatterjee and Sujata Rao; Additional reporting by Pratima Desai; Editing by Paul Simao

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## **Rising food costs push Arab**



# world's vulnerable to breaking point



Seated around the dining table, the family of four stares blankly at pictures of food sketched on the tablecloth. "Tonight," the father says, "we're coloring for dinner."

The scene in a cartoon in a Moroccan newspaper speaks to the predicament facing the kingdom's 37 million people and their peers across North Africa as the Muslim world marks Ramadan. Normally characterized by abstention broken by plentiful sunset feasts, the holy month for many this year is a confrontation with painful economic reality.

Global food costs are up more than 50% from mid-2020 and households worldwide are trying to cope with the strains on their budgets. In North Africa, the challenge is more acute because of a legacy of economic mismanagement, drought and social unrest that's forcing governments to walk a political tightrope at a precarious time.

The Middle East and North Africa region's net food and energy

importers are especially vulnerable to shocks to commodity markets and supply chains resulting from Russia's war on Ukraine, according to the International Monetary Fund. That's in countries where the rising cost of living helped trigger the Arab Spring uprisings a little over a decade ago.

"Just how much more do we have to take?" asked Ahmed Moustafa, a 35-year-old driver and father of three in Cairo. He already had to sell some appliances to keep food on the table and cover other expenses, he said. "We keep being asked to cut and cut and cut, but there's not much left to cut from."

Home to large, mainly urban populations and lacking oil wealth, governments in Egypt, Morocco and Tunisia are struggling to maintain subsidies for food and fuel that have helped keep a lid on discontent.

The World Food Programme has warned that people's resilience is at "breaking point," while the United Arab Emirates moved to help ally Egypt, the world's largest buyer of wheat, to shore up its food security and ward off potential instability. Egypt is also seeking IMF help.

Egyptian President Abdel-Fattah El-Sisi has tried to push ahead with reforms to revive the economy since coming to power in 2014 without fueling popular frustration. He sought last month to unite the nation behind inevitable sacrifices.

That includes shunning old habits of over-consuming – especially during Ramadan, which started on April 2. "People think that my dining table looks different," El-Sisi said at March 23 event, urging the country of over 100 million to scale back during the Iftar meal that breaks the day-long Ramadan fast. But, "I am responsible before God," he said.

Just weeks ago, Egyptian officials were quick to take pride in the fact that the economy of the Arab world's most populous nation had weathered the pandemic and posted solid growth. Inflation, too, was under control.



That changed after Russia's invasion of Ukraine on Feb. 24. Investors pulled billions of dollars from the country's debt market and the currency sank 15%. Egypt banned exports of key foodstuffs including flour, lentils and wheat.

By early March, the war had pushed up wheat-flour prices by 19% and vegetable oils by 10%, the government said. That's in a country where the average family income is about 5,000 pounds (\$272) a month – roughly 31% of which is spent on sustenance, according to the state-run statistics agency.

Hilal El-Dandarawy, a retired state employee in the southern city of Aswan, said he's now bracing for a surge in fuel prices and a tsunami of other increases. "We are living in a price crisis in goods and services, electricity, water and gas," he said.

A worse situation is playing out in Tunisia, the nation that gave birth to the Arab Spring revolts and which has been mired in political turmoil ever since. The pounding the economy took as a result of that infighting among officials is now amplified thanks to COVID-19 and Russia's war on Ukraine.

The central bank has warned that strong measures must be taken to reform the economy, but such efforts have been repeatedly blocked by the powerful UGTT labor union. Tunisia, too, is turning to the IMF amid warnings about the risk of default on its debt.

The dilemma for Ahmed Masoud, a 40-year-old merchant in the old city in the capital Tunis, brings those broader issues into sharper focus. He complained that the dearth of tourists, which had begun due to the pandemic, is now exacerbated by the Ukraine conflict.

Government assistance to offset the drop in business has barely made a dent and he can barely cover utility bills. "I think I'll close my shop and look for another job," Masoud said, with a resigned shrug.

Back in neighboring Morocco, things aren't any better. While it managed to avoid the political upheavals of the Arab Spring in 2011, it hasn't been spared on the economic front. Growth is expected to grind down to 0.7% this year, around a tenth its level in 2021. The central bank predicts inflation, meanwhile, will hit 4.7%, relatively modest compared with even parts of Europe, though still the highest since the 2008 financial crisis.

Managing the “exogenous shock” of the war may force Morocco to seek a precautionary liquidity line from the IMF, Governor Abdellatif Jouahri said. Morocco is facing “an unprecedented situation,” he added. The war in Ukraine is threatening to stoke public anger over prices and send the state's financing needs to historic highs.

Grains merchant Mohamed Bellamine, whose shop in Rabat's Rahba market would normally be heaving with shoppers in the days before Ramadan, sees the impact clearly. He gestures to the empty street with a sigh: “Usually you wouldn't even be able to find a place to park.”

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## **Ο πόλεμος και η προβληματική αναζήτηση της Ευρώπης για ενεργειακή ασφάλεια**



# ΗΜΕΡΗΣΙΑ

OPINIONS – 25.03.22 17:42

Roudi Baroudi

Τι πρέπει να γίνει για να υπάρχει απεξάρτηση από το ρωσικό αέριο και να κινούνται τα αγαθά για την ειρήνη, όχι για τον πόλεμο

Οι επιφυλάξεις της Ευρώπης να βάλει στο στόχαστρο τη ρωσική ενεργειακή βιομηχανία για να τιμωρήσει τη Μόσχα για την εισβολή της στην Ουκρανία έχει αποκαλύψει ότι **οι ενεργειακές προμήθειες της ηπείρου δεν είναι επαρκείς**, με τις καλύτερες λύσεις να απαιτούν βαθύτερη κατανόηση του πώς η ευρωπαϊκή κατάσταση έφτασε στο σημείο που είναι σήμερα.

**Η απλή εξήγηση είναι** ότι η Γερμανία και πολλές άλλες ευρωπαϊκές χώρες έχουν γίνει υπερβολικά εξαρτημένες από τις εισαγωγές ρωσικού φυσικού αερίου. Αλλά αυτό είναι μόνο εν

μέρει αλήθεια, καθώς πολλοί άλλοι παράγοντες τονίζουν την αδυναμία της Ευρώπης, άλλοι το αποδίδουν σε ατυχή συγκυρία, άλλοι το ερμηνεύουν ως **αποτυχία στο επίπεδο λήψης στρατηγικών αποφάσεων**.

Πρώτον, **πολλές κυβερνήσεις αποφάσισαν να κλείσουν τους πυρηνικούς σταθμούς** και τους σταθμούς ηλεκτροπαραγωγής με άνθρακα τα τελευταία χρόνια, γεγονός που απλώς αύξησε την ανάγκη της Ευρώπης και συνεπώς την εξάρτησή της από το ρωσικό αέριο. Αυτό δεν σημαίνει ότι δεν υπήρχαν επιτακτικοί λόγοι για αυτές τις αποφάσεις, και η σύμπτωση αυτής της μεταπυρηνικής περιόδου με την κρίση Ρωσίας-Ουκρανίας είναι τουλάχιστον εν μέρει κακή τύχη.

Ωστόσο δεν μπορεί να αμφισβητηθεί το γεγονός ότι η αδράνεια ή η ανικανότητα σε μεγάλες παραγωγές **έχει αφήσει την Ευρώπη με λίγες πρακτικές και βιώσιμες εναλλακτικές λύσεις**.

Το πραγματικό πρόβλημα, ωστόσο, δεν ήταν οι πυρηνικές διακοπές λειτουργίας των ίδιων των τοπικών μονάδων παραγωγής, αλλά μάλλον μια **αποτυχία επαρκούς προετοιμασίας για τις συνέπειες** προσθέτοντας άλλες εναλλακτικές όπως τις ανανεώσιμες πηγές ενέργειας.

Επίσης στη Γερμανία, και εν μέρει παράλληλα με τις διαδικασίες αποπυρηνικοποίησης, δύο νέοι τερματικοί σταθμοί για την παραλαβή υγροποιημένου φυσικού αερίου (LNG) έχουν καθυστερήσει για περισσότερο από μια δεκαετία.

Αυτό σημαίνει ότι **ακόμη κι αν η Ευρώπη μπορούσε να εξασφαλίσει αρκετό LNG** για να αντικαταστήσει το φυσικό αέριο που λαμβάνει από τη Ρωσία, **δεν έχει επαρκή ικανότητα επαναεριοποίησης** για να το χρησιμοποιήσει πλήρως.

Ομοίως, ο προτεινόμενος **αγωγός Nabucco** -ο οποίος θα μετέφερε αέριο από το Αζερμπαϊτζάν, την Αίγυπτο, το Ιράκ ή και το Τουρκμενιστάν από την Τουρκία στην Αυστρία- σημείωσε επίσης επανειλημμένες καθυστερήσεις και τελικά ακυρώθηκε το 2013, επιβάλλοντας περαιτέρω τη σημασία του ρωσικού φυσικού αερίου

και των ρωσικών αγωγών.

Παρά το γεγονός ότι η Ευρώπη έχασε αυτές και άλλες ευκαιρίες να γίνει πιο ευέλικτη και πιο ανθεκτική διαφοροποιώντας τις πηγές, τα μέσα και τις οδούς εφοδιασμού της, **έχει ακόμη χρόνο να βελτιώσει ουσιαστικά τη θέση της**, ιδίως μεσοπρόθεσμα και μακροπρόθεσμα.

Μια πολλά υποσχόμενη επιλογή είναι μια **διασύνδεση φυσικού αερίου** που θα επεκτείνει ριζικά τη χωρητικότητα του αγωγού **μεταξύ της Ισπανίας**, με υποθαλάσσιους αγωγούς προς την Αλγερία και το Μαρόκο και μια σημαντική αχρησιμοποίητη ικανότητα επαναεριοποίησης, **και της Γαλλίας**, από όπου οι εν λόγω προμήθειες θα μπορούσαν στη συνέχεια να διανεμηθούν σε άλλα σημεία της Ευρώπης.

Πολιτικές και άλλες ανησυχίες έχουν επιβραδύνει και αυτή την πρόταση, επομένως μπορούμε μόνο να ελπίζουμε ότι το επεισόδιο της Ουκρανίας θα βοηθήσει να ανανεωθεί η εστίαση στη Μαδρίτη και το Παρίσι.

Υπάρχουν και άλλα βήματα που θα μπορούσε να κάνει η Ευρώπη, μερικά από αυτά αρκετά απλά και απαιτούν λιγότερα από τη διακρατική συμφωνία και συνεργασία που **μπορεί να πάρουν τόσο πολύ χρόνο για να επιτευχθούν και να ενεργοποιηθούν**.

Το ένα είναι να ενισχύσουμε την ικανότητα της ηπείρου να αντέχει τις διακοπές παράδοσης αυξάνοντας την ικανότητα αποθήκευσης, είτε για συμβατικό αέριο σε υπόγεια σπήλαια αλατιού είτε για την υγροποιημένη έκδοση σε νέες ή διευρυμένες αποθήκες LNG. Ένα άλλο είναι **να καθυστερήσουν οι Γερμανοί, οι Βέλγοι και άλλοι το κλείσιμο των πυρηνικών σταθμών** που επί του παρόντος προγραμματίζονται για παροπλισμό.

Ένα τρίτο είναι **να επεκτείνουν οι Ολλανδοί τα υπάρχοντα λιμάνια λήψης LNG** και ένα τέταρτο ξεκίνησε τις τελευταίες ημέρες, καθώς οι Γερμανοί άρχισαν να εργάζονται για τις δικές τους εγκαταστάσεις παραλαβής. Ένα πέμπτο είναι να εργαστεί άμεσα **στο κοίτασμα φυσικού αερίου East Med Leviathan** για

σύνδεση μέσω αγωγού με την Τουρκία και μετά με την Ευρώπη.

Η κατάσταση μπορεί επίσης να βελτιωθεί από χώρες εκτός Ευρώπης. Οι **Ηνωμένες Πολιτείες**, για παράδειγμα, έχουν διπλασιάσει τις εξαγωγές LNG στην Ευρώπη, και το **Κατάρ** -το οποίο τήρησε κάθε μία από τις δεσμεύσεις του για παράδοση παρά τον παράνομο αποκλεισμό δυόμισι ετών που του επέβαλαν ορισμένοι από τους γείτονές του- θα πρέπει να είναι σε θέση να αυξήσει και τις αποστολές του, κάτι που θα αποκαθιστούσε την εμπιστοσύνη στις αγορές εφοδιασμού.

Εκτός από το φυσικό αέριο που διοχετεύεται με αγωγούς, η Ισπανία λαμβάνει επίσης ηλεκτρική ενέργεια που παράγεται από **ηλιακά πάρκα στη Βόρεια Αφρική** και τα περιθώρια για παρόμοια κοινά δίκτυα στην ευρωμεσογειακή περιοχή είναι τεράστια.

Τελευταίο, αλλά σίγουρα εξίσου σημαντικό, η Ευρώπη μπορεί να εξυπηρετήσει καλύτερα τα δικά της συμφέροντα -με όλη τη σημασία της λέξης- **εγκρίνοντας τη χρηματοδοτική της υποστήριξη σε μελλοντικά έργα πετρελαίου και φυσικού αερίου** για τα επόμενα χρόνια και λαμβάνοντας ακόμη πιο σοβαρά τις ανανεώσιμες πηγές ενέργειας.

Οι ευρωμεσογειακές χώρες από μόνες τους έχουν αρκετό **υπεράκτιο δυναμικό αιολικής ενέργειας** για να αντικαταστήσουν ολόκληρη την παγκόσμια πυρηνική βιομηχανία, και άλλες τεχνολογίες καλούν επίσης, όπως ηλιακή, κυματική, παλιρροιακή και υποθαλάσσια γεωθερμία.

Όλα αυτά για να υπάρχει απεξάρτηση από το ρωσικό αέριο και να κινούνται τα αγαθά για την ειρήνη, όχι για τον πόλεμο.

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# **‘Liveable future’ on Earth at risk, UN climate report warns**



A landmark UN report warned on Monday that time had nearly run out to ensure a “liveable future” for all, detailing a horrifying “atlas of human suffering” and warning that far worse was to come.

Species extinction, ecosystem collapse, insect-borne disease, deadly heatwaves and megastorms, water shortages, reduced crop yields – all are measurably worse due to rising temperatures, the Intergovernmental Panel on Climate Change (IPCC) said.

In the last year alone, the world has seen a cascade of unprecedented floods, heatwaves and wildfires across four continents.

Such events will accelerate in coming decades even if the fossil fuel pollution driving climate change is rapidly brought to heel, the 195-nation IPCC warned.

As nations struggle to bend the curve of carbon dioxide



emissions downward, they must also prepare for a climate onslaught that in some cases can no longer be avoided, the report made clear.

For UN chief Antonio Guterres, it stands as a “damning indictment” of failed leadership that he described as nothing short of “criminal”.

“The world’s biggest polluters are guilty of arson of our only home,” he said.

Even Russia’s invasion of Ukraine cannot distract from the truths laid bare in the 3,600-page report and its summary for policymakers, said US Secretary of State Antony Blinken.

“The international community must urgently continue to pursue ambitious climate action, even as we face other pressing global challenges,” he said in a written statement.

Svitlana Krakovska, who headed Ukraine’s delegation, spoke passionately at the conference’s final virtual plenary about the link between conflict and global warming.

## **‘Root’ of war and warming**

“Human-induced climate change and the war on Ukraine have the same roots – fossil fuels – and our dependence on them,” she said.

Among the report’s key takeaways was the intertwined fates of human and natural systems.

It stressed that climate change cannot be tamed unless degraded forests and oceans that stock carbon are restored and protected; and the ecosystems on which life forms depend for clean water, air and soil will not survive intact in a world of runaway warming.

The report made clear that a viable future rests on a knife’s

edge.

Some dire impacts are already irreversible, such as the likely demise of nearly all shallow water corals.

Other points-of-no-return lie just beyond the Paris Agreement's aspirational target of capping global warming at 1.5 degrees Celsius above preindustrial levels, the report warned.

The 2015 treaty enjoins nations to hold the increase in temperatures to "well below" 2°C, but recent science has left no doubt that a 1.5°C threshold is far safer.

Even in optimistic scenarios of rapid reductions in carbon pollution, projections of climate impacts are sobering.

Up to 14 per cent of land species face a "very high" risk of extinction with only 1.5°C of warming, the IPCC said, bolstering calls for conservation of 30 to 50pc of the world's land and ocean territory.

The threat grows with every fraction of a degree.

## **Adaptation**

By 2050 there will be more than a billion people in coastal areas highly vulnerable to storm surges amplified by rising seas by 2050. Per usual, the poorest will often be the hardest hit.

An additional 410 million people will be exposed to water scarcity from severe drought at 2°C of warming, and up to 80m will be at risk of hunger by mid-century.

By 2100, around \$10 trillion of assets will be in flood-prone coastal areas in a moderate greenhouse gas emissions scenario, according to the report.

The IPCC assessment – the sixth since 1990 – highlights the

need to cope with unavoidable climate impacts on almost every page.

Overall, the IPCC warns, global warming is outpacing our preparations for a climate-addled world.

“For people in Africa living on the front line of climate change, it is adapt or die,” said Peter Verkooijen, CEO of the Rotterdam-based Global Centre on Adaptation.

The report also spotlights irreversible and potentially catastrophic changes in the climate system known as tipping points, triggered at different thresholds of global heating.

These include the melting of ice sheets atop Greenland and the West Antarctic that could lift oceans 13 metres; the morphing of the Amazon basin from tropical forest to savannah; and the disruption of ocean currents that distribute heat across the globe.

“The cumulative scientific evidence is unequivocal: Climate change is a threat to human wellbeing and planetary health,” the report concluded.

Further delays in cutting carbon pollution and preparing for impacts already in the pipeline “will miss a brief and rapidly closing window of opportunity to secure a liveable and sustainable future for all”.

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## **The Economic Consequences of the Ukraine War**



Feb 25, 2022 JASON FURMAN

Russia's invasion of Ukraine has been rapid and dramatic, but the global economic consequences will be much slower to materialize and less spectacular. Yet, other than Ukraine, Russia will likely be the biggest long-term economic loser from the conflict.

CAMBRIDGE – Russia's invasion of Ukraine has been rapid and dramatic, but the economic consequences will be much slower to materialize and less spectacular. The war itself is enormously tragic, first and foremost for the Ukrainian people, but also for the Russian people and the global order more generally. When something like this happens, we expect it to be like a morality play in which all the bad consequences play out equally dramatically in every dimension, including the economy. But the economy does not work that way.

True, financial markets reacted swiftly to news of Russia's invasion. The MSCI All Country World Index, a leading global equity gauge, fell to its lowest level in almost a year. The price of oil rose above \$100 a barrel, while European natural gas prices initially surged by almost 70%.

These energy-price increases will negatively affect the global economy. Europe is especially vulnerable, because it did

little in recent years to reduce its dependence on Russian gas, and in some cases – notably, Germany, which abandoned nuclear power – even exacerbated it.

Oil-importing countries will experience a headwind from higher prices. The United States is more hedged: Because its oil production is equal to its oil consumption, more expensive oil is roughly neutral for GDP. But higher oil prices will hurt US consumers while helping a more limited segment of businesses and workers tied to the oil and gas industry. The price surge will also add to inflation, which is already at its highest levels in a generation in the US, Europe, and other advanced economies.

But some perspective on these immediate consequences is in order. At \$100 a barrel, oil is about one-quarter below its inflation-adjusted price during 2011 to 2014. Moreover, prices for oil futures are lower than spot prices, suggesting that the market expects this increase to be temporary. Central banks may therefore largely look through events in Ukraine, neither holding off on tightening nor speeding it up in response to higher headline inflation. And global stock markets are still up over the last year.

Similarly, although the Russian stock market has fallen significantly since the start of the invasion, Western sanctions are unlikely to have immediate dramatic effects. Sanctions rarely do; they are simply not the economic equivalent of the bombs that Russia is currently dropping on Ukraine.

Moreover, Russia is better prepared than most countries to weather sanctions. The country has been running an enormous current-account surplus and has accumulated record foreign-exchange reserves of \$630 billion – sufficient to cover nearly two years of imports. And while Russia is dependent on revenue from Europe, Europeans are dependent on Russia's oil and gas – which may be even harder to replace in the short

run.

But, in the longer term, Russia will likely be the biggest economic loser from the conflict (after Ukraine, whose losses will go well beyond what can be measured in the national accounts). Russia's economy, and the well-being of its population, have been stagnant since the Kremlin's 2014 annexation of Crimea. The fallout from its current, large-scale invasion will almost certainly be more severe over time. Sanctions will increasingly take a toll, and Russia's growing isolation, as well as heightened investor uncertainty, will weaken trade and other economic links. In addition, Europe can be expected to reduce its fossil-fuel dependence on Russia.

The longer-term economic consequences for the rest of the world will be far less severe than they are for Russia, but they will still be a persistent challenge for policymakers. There is a risk, albeit a relatively unlikely one, that higher short-run inflation will become embedded in increasingly unanchored inflation expectations, and thus persist. If that happens, central banks' already difficult job will become even more complicated.

In addition, defense budgets are likely to rise in Europe, the US, and some other countries to reflect the increasingly dangerous global situation. This will not reduce GDP growth, but it will reduce people's well-being, because resources dedicated to defense are resources that cannot go toward consumption or investment in education, health care, or infrastructure.

The medium- and long-term consequences for the global economy of Russia's invasion of Ukraine will depend on choices. By invading, Russia has already made one terrible choice. The US, the European Union, and other governments have made initial choices on sanctions, but it remains to be seen how Russia will react to them or whether further penalties will be imposed. To the extent that sanctions and counter-responses

escalate, the costs will be larger – first and foremost for Russia, but also to some degree for the rest of the global economy.

Global economic relations are positive-sum, and Russia's growing isolation will remove a small positive. More broadly, uncertainty is never good for the economy.

But, as the world continues to respond to the Russian invasion, concerns about GDP seem minor by comparison. Far more important is a world where people and countries feel secure. And that is something worth paying for – even more than the world's leaders have paid so far.

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## European industry faces shrink or shut decisions on soaring energy pain





## Bloomberg / Brussels

Europe's biggest industrial firms have been banking on spring to bring down soaring energy costs. Those hopes faded this week as Russian tanks rolled into Ukraine.

Smelters and chemical factories across Europe were already struggling before the invasion sparked another jump in gas and electricity prices. Now, a growing list of companies including Europe's biggest chemicals maker BASF SE are warning the energy crisis will keep hacking away at their bottom lines for the foreseeable future.

"Energy prices will stay at a high level and they won't go back to normal soon," said Martin Brudermueller, BASF's chief executive officer.

BASF already took an €800mn (\$900mn) hit from rising gas prices in the fourth quarter, and the situation could worsen if the US and Europe broaden sanctions against Russia, which supplies more than 40% of the European Union's natural gas.

"It would be very difficult to replace Russian gas with liquefied natural gas from elsewhere," Brudermueller said.

BASF isn't alone. The energy-intensive metals industry is also struggling. Aluminium Dunkerque Industries France, Europe's largest aluminium smelter, had planned to ramp up curtailed production after the French government helped shoulder as much as 80% of the cost burden. But the renewed surge in prices following Russia's invasion of Ukraine has put the plan on ice, a labour union official said.

Meanwhile, Germany's Trimet Aluminium SE said manufacturing the metal isn't economical at present energy prices. And building-materials giant HeidelbergCement AG on Thursday warned that profits are likely to suffer from rising energy costs over the coming months.

European energy prices surged in the autumn, tipping smaller firms across the continent towards bankruptcy and prompting others to temporarily cut production at unprofitable factories. The continent's larger industrial firms typically purchase their energy in monthly tranches, a strategy that

initially enabled them to absorb the price shocks and more gradually pass them to consumers.

While mild weather eased gas prices off record highs hit December 21, benchmark month-ahead prices have traded at nearly four times the five-year average of €90 per megawatt hour over the past five months.

Gas prices have been highly volatile since Russia's invasion. Benchmark month-ahead contracts surged 60% to an intraday high of €143 per megawatt hour on Thursday, before falling back to trade around €90 per megawatt hour late Friday.

Wolfgang Hahn, owner of Energy Consulting GmbH that gives energy advisory services to 2,500 companies in Germany, said there's growing concern about energy supplies later in the year.

"Many companies are already looking forward to next autumn and winter and are wondering whether the gas storage facilities will be filled again," Hahn said. They're also worried "whether an appropriate alternative to Russian gas will be found, or whether gas imports from Russia will be completely interrupted."

In the days since hostilities began in Ukraine, prices have spiked for forward contracts for warmer months when consumers typically use less energy to power and heat their homes. The impact of sanctions, Germany's decision to halt the Nord Stream 2 pipeline, and uncertainty around Russian gas supplies that flow through Ukraine are expected to keep prices elevated over the coming months.

"Firm supplies through Ukraine and NS2 are needed to balance the European gas market and rebuild depleted storage levels," Rystad Energy analysts said in a note.

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# La Cop26 di Glasgow: le linee guida per i Paesi del Mediterraneo



Il noto esperto a livello internazionale in campo energetico Roudi Baroudi, pone in evidenza una riflessione in concomitanza con l'imminente arrivo della conferenza sul cambiamento climatico delle Nazioni Unite (COP26) che si terrà quest'anno a Glasgow.

Baroudi definisce questo appuntamento memorabile e storico in particolare per i paesi del bacino del Mar Mediterraneo, Italia compresa. Fa osservare che l'aumento delle temperature e la crisi climatica globale è in atto e gli eventi dell'estate 2021 ne sono la testimonianza reale.

Il fenomeno degli incendi, per esempio, si manifesta con dimensioni e intensità insolite rispetto al passato ed anche nel caso di attività dolosa l'aridità circostante e le alte

temperature hanno favorito la propagazione violenta nelle aree colpite generando numerose morti, danni alle proprietà e distruzioni dei terreni agricoli coltivati. In casi come quello della Turchia seguiti da forti inondazioni dovute a piogge torrenziali dopo pochi giorni.

Questi fenomeni non sono più eventi sporadici localizzati in determinate aree, ma costituiscono una vera e propria testimonianza della catastrofe climatica in atto.

Questo ci impone di moltiplicare gli sforzi e sperare di poter invertire la tendenza prima che raggiunga un punto di non ritorno. Se non andremo in questa direzione, continua Baroudi: "la nostra specie dovrà affrontare un futuro sempre più complesso con più incendi, innalzamento del livello del mare, accelerazione dell'acidificazione degli oceani, calo degli stock ittici, tempeste più violente, siccità più lunghe e intense, raccolti compromessi, milioni di rifugiati climatici e fame di massa".

Svariati paesi del Mediterraneo, specialmente appartenenti ad Asia ed Africa hanno già situazioni complesse dal punto di vista territoriale per via della posizione geografica (Sud Italia incluso), inoltre i paesi con meno disponibilità economica fanno ancora molta fatica nella conversione ad impianti con minor impatto ambientale.

Nonostante questo scenario apocalittico, incalza Baroudi, non tutto è perduto. L'Unione europea ha compiuto progressi importanti rispetto alla maggior parte del resto del mondo e sta adottando delle politiche più stringenti sulle emissioni.

Anche gli Stati Uniti stanno intensificando i propri sforzi dopo quattro anni di cambio rotta sotto l'amministrazione Trump. In tutto il mondo, finalmente, si sta avendo maggiore consapevolezza del problema in maniera più trasversale dal pubblico al privato.

Alla COP26, i leader ed i referenti politici dei paesi partecipanti dovrebbero lavorare costruttivamente ed ascoltare scienziati ed attivisti che chiedono un'azione più rapida ed efficace, inclusa una maggiore assistenza finanziaria per

aiutare i paesi meno fortunati a unirsi seriamente alla lotta per il cambiamento climatico.

I programmi che i paesi del Mediterraneo porteranno a Glasgow saranno cruciali perché, nonostante la situazione in atto, la maggior parte di questi stati ha un vantaggio territoriale: ampi spazi e condizioni quasi ideali per le turbine eoliche offshore. Uno studio recente, che utilizza una varietà di tecnologie per elaborare dati previsionali, stima il potenziale combinato di energia eolica di tutti i 23 paesi euro mediterranei (in modo alquanto prudente) a quasi 1,5 milioni di megawatt. Si consideri che l'intera industria nucleare mondiale ha una capacità di circa 400.000 MW, ovvero meno di un terzo di quella che il Mediterraneo potrebbe produrre solamente con impianti eolici. Senza calcolare l'impiego di altre tecnologie: l'idrocinetica sia fluviale che marina (onde e maree), geotermica (on e offshore) e solare (200.000-300.000 MW).

Questa strategia darebbe una propulsione allo sviluppo di molti paesi che oggi hanno uno scarso accesso all'energia elettrica a prezzi accessibili, inoltre l'indotto relativo alle costruzioni degli impianti darebbe nuovi posti di lavoro oltre a molteplici benefici: la possibilità di sostituire i vecchi impianti di produzione più inquinanti, ridurre gradualmente l'importazione di carburanti fossili, rivendere nella rete l'eccesso di produzione energetica ed investire il ricavato in infrastrutture, politiche sociali o ulteriori impianti green.

Uno sviluppo omogeneo delle rinnovabili favorirebbe la transizione progressiva dai combustibili fossili, riducendo le emissioni di carbonio che causano il cambiamento climatico e quindi facendo gli interessi di tutti, ovunque.

Queste proiezioni positive non si avvereranno mai per osmosi. Molti paesi nel Mediterraneo hanno bisogno di assistenza finanziaria e tecnica per mettere in pratica i progetti di conversione. L'accordo di Parigi includeva impegni economici da parte degli stati più ricchi per finanziare i paesi più

bisognosi, ma molti governi non hanno rispettato l'accordo. Questo è controproducente, proprio come la mancata distribuzione del vaccino contro il COVID ai paesi del Sud del mondo, un errore imperdonabile che non solo determina la morte di persone innocenti, ma crea anche terreno fertile per nuove varianti del virus. Se la transizione verso un'energia più pulita creasse difficoltà alle popolazioni già svantaggiate, potrebbe venire a mancare il sostegno popolare verso questo percorso, con conseguenze terribili per tutti noi. Se lasciato incontrollato, il cambiamento climatico potrebbe provocare morte e distruzione ovunque creando flussi migratori ingestibili.

Roudi Baroudi conclude esortando la COP26 a produrre nuovi programmi di finanziamento da parte dei paesi ricchi verso quelli più poveri senza creare situazioni di assistenzialismo. Ci sono moltissime risorse a disposizione e c'è poco tempo per agire, quindi gli stati finanziatori non possono permettersi di sbagliare. I prestiti agevolati andranno messi a disposizione per i paesi più virtuosi che garantiranno la finalizzazione dei progetti. L'unico modo per farlo è articolare una strategia coerente per eseguire progetti rilevanti e fattibili con tempi e budget ben definiti. In particolare, i governi regionali devono dissipare i timori giustificati che, i fondi destinati ai progetti per le energie rinnovabili o ad altri strumenti di decarbonizzazione, andranno invece a riempire le tasche di funzionari locali corrotti.

Queste sono le linee guida che deve seguire quest'anno la conferenza di Glasgow. La lotta ai cambiamenti climatici è ampiamente considerata come la sfida più importante che la nostra specie abbia mai affrontato e la capacità della regione di proteggersi e di esercitare il proprio peso sarà in bilico alla COP26. I paesi che si presentano con piani ben sviluppati per progetti concreti avranno la strada spianata per varie forme di finanziamento. Coloro che non lo faranno saranno inevitabilmente tagliati fuori.

# يحق للبنان مراجعة حدود منطقته البحرية... بارودي: على فريقي التفاوض الانطلاق من نقاط جديدة



شهدت الجولة الاخيرة من المفاوضات غير المباشرة لترسيم الحدود البحرية الجنوبية تباينات في آراء الوفود المشاركة، حيث طالب الوفد الأميركي بان يكون التفاوض محصورا فقط بين الخط الإسرائيلي والخط اللبناني المودعين لدى الأمم المتحدة، أي ضمن المساحة البالغة 860 كيلومترا مربعا، وهو ما يرفضه لبنان ويعتبره معارضا لمبدأ التفاوض من دون شروط مسبقة.

وبينما تنشغل السلطات السياسية اللبنانية بخلافاتها، وهذه المرة حول ما إذا كان ينبغي للبنان تزويد الأمم المتحدة بإحداثيات جديدة تحدد المنطقة الاقتصادية الخالصة الخارجية للبلاد EEZ، تستمر إسرائيل بالعمل على تطوير حقولها النفطية البحرية. وهنا سؤالان يطرحهما المراقبون: هل يملك لبنان الحق في مراجعة حدود منطقته



الاقتصادية الخالصة وتحسينها وبالتالي تعديل لوائح إحدائياتها وتقديمها الى الامم المتحدة؟ وإذا كان الأمر كذلك، هل ينبغي للبنان أن يقدم على ذلك في ظل الظروف الحالية؟

من المعروف ان لهذه المسألة أهمية كبيرة، ليس فقط لأنها تتعلق مباشرة بمحادثات الحدود البحرية اللبنانية مع إسرائيل، ولكن أيضاً لأنها تحدد التاريخ الذي سيتمكن فيه لبنان من بدء الحصول على فوائد ملموسة من أي هيدروكربونات موجودة تحت البحر داخل المنطقة الاقتصادية الخالصة، خصوصاً مع الوضع الاقتصادي الصعب الذي يمر به. وبالفعل، يحق لبنان مراجعة حدود منطقتة الاقتصادية الخالصة وتحسينها وبالتالي تعديل لوائح إحدائياتها لدى الأمم المتحدة، وهذا ليس منصوصاً عليه فقط في اتفاقية الأمم المتحدة لقانون البحار (UNCLOS)، ولكنه أيضاً محمي بموجب القانون الدولي العرفي (CIL) من خلال سوابق لا حصر لها لدول تسعى الى تحديد مطالبها البحرية والدفاع عنها، ولأسباب ليس أقلها أن التقدم التكنولوجي المستمر يسمح برسم خرائط دقيقة بشكل متزايد، وأيضاً المرسوم 6433 الصادر في العام 2011، والذي يركز عليه لبنان لإخبار الأمم المتحدة بتحديث حدوده مع إسرائيل، نص صراحة على إمكانية إجراء تحديثات مستقبلية. فالمادة 3 من المرسوم لا تترك مجالاً للتفسير على الإطلاق، حيث لحظت إمكانية مراجعة حدود المنطقة الاقتصادية الخالصة وتحسينها وبالتالي تعديل لوائح إحدائياتها عند توافر بيانات أكثر دقة ووفقاً للحاجة في ضوء المفاوضات مع دول الجوار المعنية. علاوة على ذلك، وعندما قدمت بعثة لبنان لدى الأمم المتحدة المطالبات المسموح بها بموجب المرسوم 6433، تضمنت رسالتها المصاحبة الحاجة لإجراء مسح تفصيلي، باستخدام نظام تحديد المواقع العالمي، للشاطئ الحدودي الجنوبي، بما في ذلك جميع الجزر والعقد، بهدف تحديث الخرائط الملاحية وخط الأساس وفقاً لذلك في المستقبل. وبالفعل، أجري هذا المسح وظهرت الحاجة الى تقديم احداثيات جديدة اكثر دقة.

في هذا السياق، يشير الخبير النفطي الدولي رودي بارودي الى انه “بينما يسعى المسؤولون الإسرائيليون الى التشكيك في حق لبنان في تحديث مطالبته، فإن اتفاقية المنطقة الاقتصادية الخالصة الخاصة ببلدهم والموقعة مع قبرص في تشرين الاول 2010، تستند إلى الإحداثيات الإسرائيلية التي نعرف الآن أنها غير صحيحة، وبالتالي سيتم رفضها من قبل أي محكمة او تحكيم، كما تعترف صراحةً بحقيقة أنه بموجب CIL، فإن هذه الإحداثيات عرضة للتغيير. وتنص المادة 1

(هـ) من هذا الاتفاق على انه ومع مراعاة مبادئ القانون الدولي العرفي المتعلقة بتعيين حدود المنطقة الاقتصادية الخالصة بين الدول، يمكن مراجعة و/ أو تعديل الإحداثيات الجغرافية للنقطتين 1 أو 12 على النحو الآتي: في ضوء اتفاق مستقبلي بشأن ترسيم المنطقة الاقتصادية الخالصة من قبل الدول الثلاث المعنية في ما يتعلق بكل من النقاط المذكورة. اضافة إلى ذلك، وفي تقديم لاحق أحادي الجانب إلى الأمم المتحدة، لم تشر بعثة إسرائيل إلى الهيئة العالمية إلى الأحكام ذات الصلة من المادة 1 (هـ) فقط، بل قامت أيضاً بإعادة اللغة نفسها، حرفياً تقريباً. حتى أن الطلب كرر ذكر "الدول الثلاث المعنية"، والتي في سياقها لا يمكن إلا أن تشير إلى لبنان كدولة ثالثة. بالتالي، يؤكد بارودي "حق لبنان في تقديم إحداثيات جديدة". ويقول: "من الناحية الواقعية، فإن أي فريق أو طرف يجادل بخلاف ذلك فهو إما يعارض المصالح الفضلى للبنان الذي يحتاج إلى تطوير هذا المورد، واللبنانيين الذين يستحقون جني الثمار الاقتصادية التي ستنتج من هذا المورد، والجيش اللبناني الذي يقوم بجهد كبير في المحافظة على حقوق لبنان؛ وإما يجهل الحقائق والقواعد؛ أو يسعى وراء بعض المزايا السياسية والمالية أو الشخصية أو الحزبية. إذاً يحتاج الفريقان الى الانطلاق من #نقاط جديدة لكي تثمر المفاوضات نتائج إيجابية. في هذا الإطار فان لبنان سلم الأمم المتحدة في 14 تموز 2010 إحداثيات تبدأ على مسافة 61.5 متراً من رأس الناقورة. أما النقطة الإسرائيلية الاحادية الجانب كما قُدمت إلى الأمم المتحدة في 12 تموز 2011 فتبدأ أيضاً في منطقة خاطئة قبالة الشاطئ بمسافة 37.7 متراً من نقطة رأس الناقورة، ما ينبغي تصحيحهما كما اشرنا سابقاً".

عام 2011، وبعد أشهر قليلة من الاتفاق الإسرائيلي - القبرصي على ترسيم حدودهما وآخر طلب قدمه لبنان إلى الأمم المتحدة، تلقت الحكومة اللبنانية تقارير الخبراء والمشورة ومخططات من مكتب المملكة المتحدة الهيدروغرافي والذي يعتبر منذ فترة طويلة المعيار الذهبي لرسم الخرائط البحرية للمنطقة. ما وجده الخبراء هو أن كلاً من لبنان وإسرائيل استخدمتا إحداثيات خاطئة كنقطة انطلاق لحدودهما البحرية. فبينما يجب أن تكون هذه النقاط على الساحل، ارتكز البلدان على نقاط تبعد عشرات الأمتار عن الشاطئ. قد لا يبدو هذا كثيراً، ولكن عندما يصل فيه الخط المرسوم إلى البحر من نقطة البداية في غير محله إلى ما ينبغي أن يكون المفترق الثلاثي - حيث تلتقي المناطق الاقتصادية الخالصة لقبرص وإسرائيل ولبنان - يصل الخطأ إلى أميال بحرية عدة.

تعليقا على هذا الموضوع يعتبر بارودي انه "بحكم الأمر الواقع، استند كل من لبنان وإسرائيل في مطالبتهما البحرية السابقة إلى إحدائيات خاطئة، مما يجعل كل ما نتج عنها عفا عليه الزمن، اي ما يسميه الفرنسيون CADUC "كادوك" - أي لاغ وباطل بالنسبة لكليهما. ولا يمنح هذا فقط الحق في تحديث مطالبتهما أمام الأمم المتحدة، ولكنه يمنح أيضًا التزامًا بالقيام بذلك بناءً على المصلحة الوطنية لكل جانب. وإلى ذلك، تُظهر التجارب أنه، لا سيما مع وجود مثل هذه الأدلة على أن ادعاءات كل منهما كانت معيبة بشكل قاتل، إذا فشلت المحادثات الحالية وذهب البلدان إلى المحكمة أو التحكيم بشأن هذه القضية، فإن أول ما يُطلب منهما هو استبدالهما الخاطئ للخرائط الموجودة في حوزتهما من خلال إجراء مسوحات وتحليلات مفصلة من أجل تحديد نقاط الخلاف بدقة". وبالمعنى التقني إذاً يؤكد بارودي انه "نعم، يجب على لبنان أن يتحرك بسرعة لتحديث المطالبات البحرية التي سبق أن قدمها الى الأمم المتحدة. لكن هناك اعتبارات أخرى يحتاج أيضًا إلى اخذها في الاعتبار. على سبيل المثال، في حين أن لبنان دولة ذات سيادة، لا يمكنه أن يتجاهل كلياً مواقف الجهات الخارجية. عندما تتعارض هذه المواقف مع رغباتها وحاجاتها، يجب أن يزن الإيجابيات والسلبيات ويقرر وفقاً لذلك. في هذه الحالة، سعى المسؤولون الإسرائيليون إلى ثني لبنان عن تحديث مزاعمه أو تأخير استئناف المحادثات المذكورة أعلاه بطريقة أو بأخرى، مما أثار احتمال أن يؤدي ذلك إلى إعاقة التقدم، وتفاقم التوترات، وإجبار لبنان على الانتظار فترة أطول لأي تطوير في حقوله النفطية والغازية البحرية.

أما بالنسبة لما يدعو لبنان الى التنازل عن بعض حقوقه من أجل الاسراع في التوصل الى إتفاق يسمح له ببدء جني بعض الإيرادات من ثرواته، يرفض بارودي بشكل قاطع هذا الخيار، مؤكداً ان "المنطقة الحدودية تحتوي على بعض من أكثر المساحات البحرية الواعدة في لبنان، وعلى أي حال، ليس هناك ما يضمن أن التخلي عنها سيؤدي إلى تحقيق اختراق دبلوماسي، وحتى لو حدث ذلك، فإن الاستثمار الخارجي المطلوب لتنشيط صناعة الطاقة يعتمد على مجموعة أخرى كاملة من المتطلبات الأساسية، ليس أقلها الإصلاحات التي لم يتمكن أحد من تحقيقها".

بالإضافة إلى تحليل عام 2011، أجرى الجيش اللبناني دراسات مفصلة عززت موقف لبنان، وبالتوازي مع الإحدائيات المودعة حديثاً، قد تُسرّع جودة عمل الجيش عملية التفاوض من خلال إثبات أن الجانب

اللبناني لن يهدد، ولن يتعرض للخداع. فيما لا أحد يتوقع أن تتخلى واشنطن عن علاقتها الوثيقة بإسرائيل، لكن نهج الجيش اللبناني في المفاوضات يشجع الأميركيين على أن يكونوا منصفين قدر الإمكان.

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## Turkey's economy expected to grow 4.8% year-on-year in Q3



Reuters/Istanbul

Turkey's economy is expected to have grown 4.8% year-on-year in the third quarter of 2020, as expectations turned positive after data indicated strong performance, a Reuters poll showed yesterday, while GDP is seen remaining flat through the year. The coronavirus pandemic, which led to a year-on-year contraction of nearly 10% in the second quarter as a result of restrictions on travel and weekend lockdowns, eased in the third quarter before surging again in October and November. While previous Reuters polls had predicted a contraction in the third quarter as well, the median estimate of 14

economists in this week's poll forecast a growth of 4.8%. Estimates ranged between growth of 6.8% and contraction of 1.5%.

Strong performances in the industry, retail, finance and real estate sectors have lead the growth in the third quarter, said Daglar Ozkan, economist at Is Yatirim.

"Our previous expectations were a little weaker but data for September showed us that growth in the third quarter was very strong," he said.

Turkey has recently imposed new measures to combat the coronavirus outbreak, as new daily symptomatic cases and deaths reached record levels in recent days.

Ankara has emphasised that the measures, much less restrictive than those in the spring, will not interfere with supply and production chains.

Is Yatirim's Ozkan said the second wave will likely have a much more limited impact on the economy compared to the first because the restrictions are designed to allow economic activity to continue.

For the full year, the median estimate was for the gross domestic product (GDP) to remain flat, with estimates of 16 economists ranging between growth of 0.6% and contraction of 5%.

The government has forecast a growth of 0.3% this year but said the economy could contract 1.5% under a worst-case scenario.

Turkey's economy, which has expanded 5% on average over the last decade, has performed well below those levels for the last two years, growing 0.9% in 2019.

Turkey needs to find a way back to near potential growth, said Bank of America.

"Given the high external financing needs, Turkey needs economic reforms to boost productivity and to take steps to increase investor confidence," it said in a note, adding that Ankara's recent calls for reforms showed an understanding of the needs.

The Turkish Statistical Institute is expected to announce

third quarter GDP data on November 30.