

# 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 led 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.

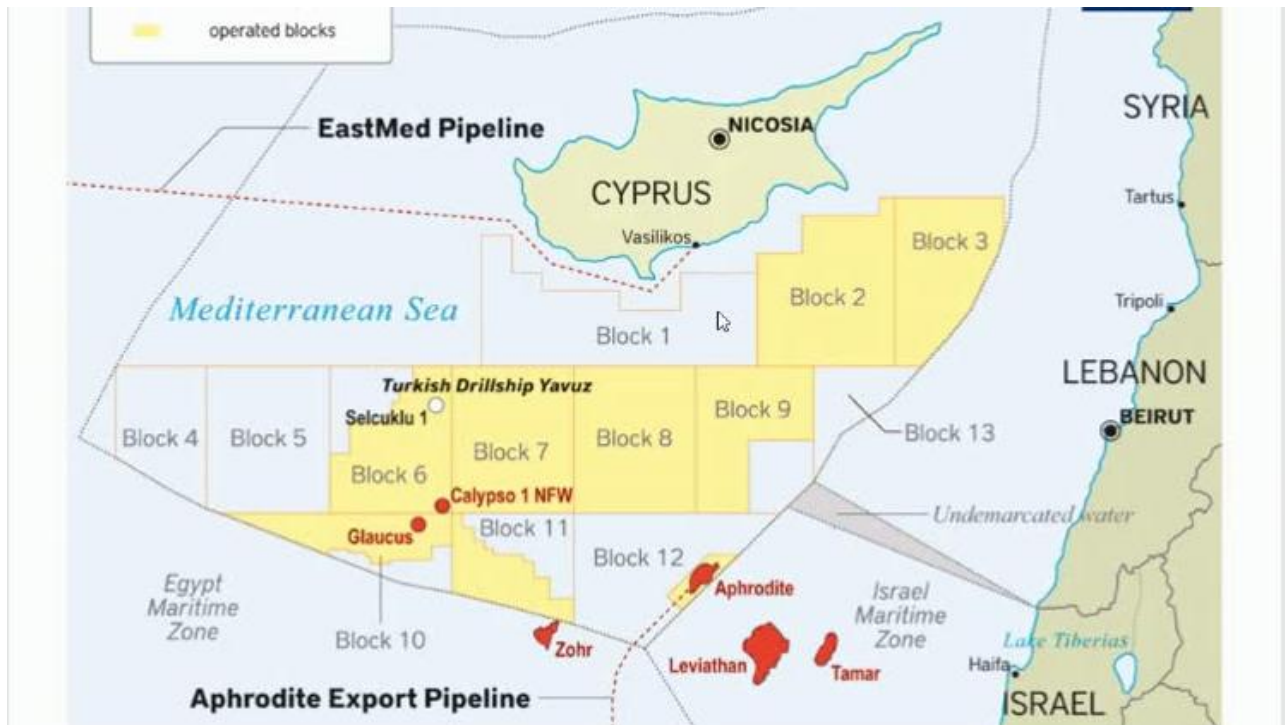
Turkey needs to find a way back to near potential growth, said Bank of America.

"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.

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# Différends Maritimes en Méditerranée Orientale: Comment en Sortir



Les différends de frontières maritimes en Méditerranée orientale empêchent l'exploitation raisonnée des récentes découvertes énergétiques dans la région : un nouveau livre montre comment résoudre pacifiquement les conflits frontaliers maritimes.

L'ouvrage se présente comme une feuille de route pour aider les pays côtiers à exploiter les ressources offshore

Un nouveau livre de l'expert en politique de l'énergie Roudi Baroudi met en lumière des mécanismes souvent négligés qui pourraient aider à désamorcer les tensions et débloquer des milliards de dollars en pétrole et en gaz.

“Maritime Disputes in the Eastern Mediterranean: the Way Forward” («Différends Maritimes en Méditerranée Orientale: Comment en Sortir») -distribué par Brookings Institution

Press- décrit le vaste cadre juridique et diplomatique dont disposent les pays qui cherchent à résoudre les conflits de frontières maritimes. Dans ce livre, M. Baroudi passe en revue l'émergence et l'influence (croissante) de la Convention des Nations unies sur le droit de la mer (CNUDM), dont les règles et les normes sont devenues la base de pratiquement toutes les négociations et de tous les accords maritimes. Il explique également comment les progrès récents de la science et de la technologie, notamment dans le domaine de la cartographie de précision, ont accru l'impact des lignes directrices de la CNUDM en éliminant les conjectures de tout processus de règlement des différends fondé sur celles-ci.

Comme le titre l'indique, l'ouvrage se concentre en grande partie sur la Méditerranée orientale, où les récentes découvertes de pétrole et de gaz ont souligné le fait que la plupart des frontières maritimes de la région restent discutées. L'incertitude qui en résulte ralentit non seulement l'utilisation des ressources en question (et le réinvestissement des recettes pour lutter contre la pauvreté et d'autres problèmes de société), mais augmente également le risque d'un ou plusieurs conflits meurtriers. M. Baroudi fait toutefois remarquer que, tout comme ces problèmes et leurs conséquences existent dans le monde entier, leur résolution juste et équitable dans une région pourrait contribuer à restaurer la croyance qu'ont les peuples et leurs dirigeants dans le multilatéralisme, et servir ainsi d'exemple.

Si les pays de la Méditerranée orientale acceptaient, en vertu des règles de la CNUDM, de régler leurs différends de manière juste et équitable, écrit-il, "cela donnerait une chance de démontrer que l'architecture de sécurité collective de l'après-guerre reste non seulement une approche viable mais aussi une approche vitale... Cela montrerait au monde entier qu'aucun obstacle n'est trop grand, aucune inimitié si ancrée et aucun souvenir si amer qu'il ne puisse-t-être surmonté en suivant les règles de base auxquelles tous les États membres

des Nations unies ont souscrit en y adhérant: la responsabilité de régler les différends sans violence ou menace de violence”.

Le livre rappelle, de manière générale et spécifique, qu’il existe des leviers permettant d’uniformiser les règles du jeu diplomatique, une contribution utile à un moment où l’ensemble du concept de multilatéralisme est attaqué par certains des pays qui ont autrefois défendu sa création. L’ouvrage est écrit dans un style engageant, empruntant à plusieurs disciplines -de l’histoire et de la géographie au droit et à la cartographie- le rendant accessible et d’intérêt pour tous, des universitaires et des décideurs politiques aux ingénieurs et au grand public.

En attendant sa parution papier, ainsi que sa traduction en français prévue dans les prochaines semaines, le livre est disponible au format e-book. Dans le contexte actuel qui a forcé les maisons d’édition à adapter leur stratégie de lancement, l’ouvrage a fait l’objet ce jeudi d’un lancement organisé par TLN via zoom, avec la participation autour de l’auteur, de deux représentants éminents du Département d’État américain – Jonathan Moore (premier sous-secrétaire adjoint principal, Bureau des océans et des affaires environnementales et scientifiques internationales) et Kurt Donnelly (sous-secrétaire adjoint pour la diplomatie énergétique, Bureau des ressources énergétiques).

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**Ενα Νέο Βιβλίο Δείχνει τον Δρόμο για την Ειρηνική**

# Επίλυση των Διαφορών Αναφορικά με τα Θαλάσσια Σύνορα



## ***Ενας Οδικός Χάρτης Μπορεί να Βοηθήσει τα Παράκτια Κράτη να Επωφεληθούν του Υποθαλάσσιου Πλούτου***

ΟΥΑΣΙΓΚΤΟΝ: Ο ειδικός σε θέματα ενέργειας, Ρούντι Μπαρούντι, στο νέο του βιβλίο αναδεικνύει μηχανισμούς μείωσης της έντασης, οι οποίοι συχνά ξεχνιούνται αλλά μπορούν να βοηθήσουν στην εκμετάλλευση πετρελαίου και φυσικού αερίου αξίας δισεκατομμυρίων δολλαρίων.

Το βιβλίο *Διαφωνίες επί των Θαλασσιών Συνόρων στην Ανατολική Μεσόγειο: Μια Πρόταση Επίλυσης* διανέμεται από το Ινστιτούτο Μπρούκινγκς και σκιαγραφεί το εκτενές νομικό και διπλωματικό πλαίσιο το οποίο διατίθεται για χώρες με διαφιλονεικούμενα θαλάσσια σύνορα. Ο συγγραφέας Ρούντι Μπαρούντι συζητά την αυξανόμενη επιρροή του Διεθνούς Δικαίου της Θαλάσσης υπό την αιγίδα των Ηνωμένων Εθνών (United Nations Convention on the Law of the Sea – UNCLOS), οι κανόνες του οποίου αποτελούν πια την βάση για την επίλυση όλων, σχεδόν, των διαπραγματεύσεων και συμφωνιών στην θάλασσα. Εξηγεί, επίσης, πως οι πρόσφατες εξελίξεις στον επιστημονικό και τεχνολογικό τομέα – και ειδικά στην χαρτογράφηση ακριβείας – έχουν αυξήσει περαιτέρω

την επιρροή των κανόνων του Διεθνούς Δικαίου της Θάλασσας, αφαιρώντας κάθε ενδεχόμενη ασάφεια από οποιαδήποτε διαπραγμάτευση που βασίζεται στους κανόνες του Δικαίου.

Το βιβλίο εστιάζει στην ανατολική Μεσόγειο, όπου οι πρόσφατες ανακαλύψεις υδρογονανθράκων ανέδειξαν το γεγονός ότι τα περισσότερα θαλάσσια σύνορα της περιοχής παραμένουν ακαθόριστα. Η αβεβαιότητα την οποία δημιουργεί αυτή η κατάσταση όχι μόνο καθυστερεί την εκμετάλλευση των πόρων και την διοχέτευση του πλούτου προς όφελος των κοινωνιών, αλλά δημιουργεί και κινδύνους θερμών επεισοδίων και πολέμων. Τέτοιου είδους προβλήματα υπάρχουν σε όλη την Γή. Ο Μπαρούντι σημειώνει, ωστόσο, ότι η δίκαιη επίλυσή τους σε μία περιοχή μπορεί να ενδυναμώσει την εμπιστοσύνη στους πολύπλευρους μηχανισμούς σε κάθε περιοχή.

Σε περίπτωση, σημειώνει, που οι χώρες της ανατολικής Μεσογείου συμφωνούσαν σε μια δίκαιη επίλυση των διαφορών τους με βάση το Διεθνές Δίκαιο, «θα ήταν μια έμπρακτη απόδειξη ότι η μεταπολεμική αρχιτεκτονική συλλογικής ασφάλειας παραμένει όχι μόνο εφικτή αλλά και απαραίτητη... θα απεδείκνυε σε όλον τον κόσμο ότι κανένα εμπόδιο δεν είναι τόσο μεγάλο και καμμία ιστορική εχθρότητα τόσο βαθιά ριζωμένη ώστε να μην υπερσκελίζεται από τον βασικό κανόνα στον οποίο συναίνεσαν όλα τα μέλη των Ηνωμένων Εθνών με την συμμετοχή τους σε αυτόν – την ευθύνη να επιλύουν τις διαφορές τους χωρίς την χρήση ή την απειλή βίας.»

Το βιβλίο μας υπενθυμίζει πως υπάρχουν μοχλοί οι οποίοι μπορούν να αμβλύνουν τις διπλωματικές ανισότητες, και αυτό είναι ιδιαίτερα χρήσιμο σε μια εποχή όπου η όλη ιδέα της πολυπλευρικής προσέγγισης βάλλεται από τις ίδιες χώρες οι οποίες την δημιούργησαν. Ο τρόπος γραφής του βιβλίου ζωντανεύει ένα θεματικό πλέγμα ιστορίας, γεωγραφίας, δικαίου και χαρτογραφίας, καθιστώντας τα θέματα αυτά προσιτά στο ευρύ κοινό στο οποίο απευθύνεται, καθώς και σε πολιτικούς και διπλωμάτες.

Ο Μπαρούντι εργάζεται εδώ και τέσσερις δεκαετίες στον ενεργειακό τομέα. Ανάμεσα στις πολυεθνικές εταιρείες, κυβερνήσεις και διεθνείς θεσμούς που έχει συμβουλέψει στο διάστημα αυτό συγκαταλέγονται τα Ηνωμένα Έθνη, η Ευρωπαϊκή Επιτροπή, το Διεθνές Νομισματικό Ταμείο και η Παγκόσμια Τράπεζα. Οι εξειδικευμένες γνώσεις του βρίσκονται στους τομείς του πετρελαίου και φυσικού αερίου, τα πετροχημικά, τον ηλεκτρισμό, την ενεργειακή ασφάλεια και την μεταρρύθμιση του ενεργειακού τομέα για να αντιμετωπίσει περιβαλλοντικά ζητήματα, την αγορά του άνθρακα, τις ιδιωτικοποιήσεις, και τις υποδομές. Είναι Διευθύνων Σύμβουλος της ανεξάρτητης συμβουλευτικής εταιρείας Qatar Energy and Environment Holding, με έδρα την Ντόχα του Κατάρ.

Το βιβλίο αυτό είναι απόσταγμα πολυετούς προσωπικής έρευνας, ανάλυσης και υπεράσπισης θέσεων του Μπαρούντι. Την επιμέλεια του κειμένου ανέλαβε η Debra L. Cagan, (Distinguished Energy Fellow, Transatlantic Leadership Network) και ο Sasha Toperich (Senior Executive Vice President, Transatlantic Leadership Network).

Το βιβλίο *Διαφωνίες επί των θαλασσίων Συνόρων στην Ανατολική Μεσόγειο: Μια Πρόταση Επίλυσης* εκδίδεται από το Transatlantic Leadership Network (TLN), μια ένωση δικηγόρων, παικτών του ιδιωτικού τομέα και αναλυτών οι οποίοι στοχεύουν στον διαρκή εκσυγχρονισμό των σχέσεων Ηνωμένων Πολιτειών και Ευρωπαϊκής Ένωσης. Η αρχική μορφή του βιβλίου ήταν ηλεκτρονική. Τώρα διανέμεται από τις Εκδόσεις του Ινστιτιούτου Μπρούκινγκς, που ιδρύθηκαν το 1916 για την έκδοση ερευνών του Ινστιτούτου, το οποίο θεωρείται από πολλούς ως το πιο αξιосέβαστο ινστιτιούτο έρευνας των ΗΠΑ.

Πολλοί εξειδικευμένοι παρατηρητές πλέκουν το εγκώμιο του βιβλίου. Παραθέτουμε λίγα αποσπάσματα:

Douglas Hengel, Professional Lecturer in Energy, Resources and Environment Program, Johns Hopkins University School of Advanced International Studies, Senior Fellow at German



Marshall Fund of the United States, and former State Department official: “Μέσα από αυτό το στοχαστικό και γλαφυρό βιβλίο, ο Ρούντι Μπαρούντι μας δίνει ένα πλαίσιο... το οποίο μας δείχνει τον δρόμο προς μια δίκαιη και ειρηνική λύση... οι χώρες της περιοχής, καθώς και η Ευρωπαϊκή Ένωση και οι Ηνωμένες Πολιτείες, θα έπρεπε να ασπαστούν την προσέγγιση του Μπαρούντι.

Andrew Novo, Associate Professor of Strategic Studies, National Defense University: “... Ένα καλά ισορροπημένο, καινοτόμο και θετικό μήνυμα το οποίο μπορεί να βοηθήσει πολλά θέματα να προοδεύσουν που δεν φαίνονται να επιδέχονται επίλυση. Χρησιμοποιώντας το Διεθνές Δίκαιο, γεω-στοιχεία υψηλής ακρίβειας και μια ισχυρή οικονομική λογική, ο Μπαρούντι προσφέρει ένα πειστικό επιχειρήμα υπέρ ενός συμβιβασμού, εφόσον, φυσικά, οι εμπλεκόμενες πλευρές θέλουν να ακούσουν.”

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## **US Must Lead Response To Perils Of COVID-19 And Oil Crisis**



G20 should hold an emergency meeting to prepare a realistic agenda to tackle the economic crisis created by COVID-19

Roudi Baroudi – Doha

It took a global pandemic that has grounded airlines, idled factories, and kept billions of people indoors, but prices for some oil futures contracts have gone into negative territory for the first time ever.

Not since Colonel Drake struck oil – with commercially viable methods – in Pennsylvania in 1859 has a producer had to pay customers to take crude off their hands. Together, oil & gas still supply approximately 60 percent of the world's energy, and that is not to mention its myriad other uses in modern industry. So, what to do when a demand slump of unprecedented size & speed has brought so low the world's most ubiquitous commodity, one still required by so many people?

First, it is crucial to recall how we got here, specifically the fact that the COVID-19 crisis was not the only factor. Keep in mind that for weeks, the gathering collapse of demand coincided with a massive flow of oversupply as Russia and the Kingdom of Saudi Arabia refused to agree on production cuts, choosing instead to battle for market share going forward. Eventually, they will reach a new entente, but the effect of the virus had so destabilised the markets that even zero was no longer a floor in the minds of the investors.

Until COVID-19 shut down whole sectors the global economy, the world had been consuming approximately 100 million barrels of oil a day. By mid-April, that figure had dropped to something in the order of 80 million. The imbalance quickly filled up tank farms, and some analysts believe that as much as 160 million barrels of oil are currently being stored in tankers at sea but with nowhere to go. Airlines have slashed their schedules by 90 percent or more. Inevitably, oil-producing companies have had to shut down their wells, and dozens of refineries have had to suspend operations since they could no longer dispose of oil and related products.

There is no question that the heaviest damage has been sustained in the United States. The shale oil business had been so successful that the country had become the world's largest crude producer, managing not only to satisfy 90 percent of its own demand from domestic sources but also to compete with Russia and Saudi Arabia for customers overseas. The industry was always vulnerable, however, because of higher production costs, its producers were the first to fail.

Oil is unlike any other commodity in that a safe, affordable, and continuous supply of it is perhaps the single-most far-reaching factor of modern life for businesses, organisations, and almost 200 countries around the globe. Of course, renewables and other alternative sources have made great strides in recent years, and one or more of these technologies will be the future, but for now, and hydrocarbons and oil are

still the prime determinants of success or failure.

At the same time, the fact that this is having such a concentrated effect in the United States is a crisis because that country is a reliable bellwether for global economic health. Even as China's meteoric rise over the past decades has made it the world's second largest economy, with nominal GDP about \$14 trillion for 2019, the US economy remains far away the world's heftiest at about \$21 trillion. For this reason, when Americans stop buying, everywhere loses sales. And in just a few short weeks, more than 26 million of them have filed for unemployment benefits. Jobs are being shed in record numbers, meaning less capacity for anyone else to compensate for the evaporation of US demand for everything.

So how do we keep the of global epidemic and global oil glut from producing long-term damage that yields to even more human and economic losses? How do we get the world's most important economic engines – to get global commerce moving again? In a word, unity – of the sort that brings all humankind together for collective action. Even assuming that a vaccine is developed, the damage done to some of the world's most important economies will not be repaired overnight.

In short, recovery depends on sincere dialogue, full cooperation, and genuine transparency. We are all in this together now, so the best way out is to collaborate on an exit strategy that saves time, money, and human lives. The biggest responsibility falls on the biggest players, the US, China, and Russia, along with the European Union, Japan, and multilateral institutions. Going forward, each of these countries and entities will need to make commitments about what it will and will not do. Only then can the necessary confidence and stability be rebuilt around the world.

Exceptional challenges call for exceptional remedies. Already we have seen several global leaders pledge to work together on a vaccine, but the United States was notable by its absence.

For the broader purpose of steering a way out of the global economic morass, it is essential that Washington be present and accounted for. My suggestion is an emergency meeting of the G20 at the earliest, which probably means the first part of May. Not a moment should be wasted in preparing a realistic agenda that measures up to the enormity of the tasks at hand. To quote the quintessential American, Benjamin Franklin, "We must, indeed, all hang together, or most assuredly we shall all hang separately."

Roudi Baroudi is CEO of Energy and Environment Holding, an independent consultancy based in Qatar

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## **Commodity chaos deepens as China LNG buyer invokes force majeure**

SINGAPORE: The turmoil engulfing global commodity markets deepened as China's biggest buyer of liquefied natural gas (LNG) told suppliers it won't honour some contracts because of the coronavirus.

In a dramatic and rare step, China National Offshore Oil Corp (CNOOC) declared what's known as force majeure, meaning it won't take delivery of some LNG cargoes, because the virus is constraining its ability to import the fuel. It's among the first known cases of the legal clause being invoked in commodity contracts as a result of the epidemic.

While global markets bounce back from initial fears over the

impact of the virus, CNOOC's move shows the fallout is only deepening in the world of raw materials, which is dominated by China's enormous appetite. Beijing's efforts to contain the disease by shutting down swathes of the country and restricting travel are disrupting supply chains and hammering demand in the world's biggest consumer.

The impact is reverberating around the world. Copper buyers are requesting Chilean miners postpone shipments because of port shutdowns while China's biggest oil refiner, Sinopec Group, is likely to ask Saudi Arabia to reduce supplies of crude oil next month. Soybeans from Brazil and the United States are being held up on arrival in eastern China and Indonesian palm oil shipments are also being delayed.

For LNG, CNOOC's force majeure hurts a market already buffeted by rising US supplies and weak demand after a mild winter in Europe and Asia. Even before Chinese buyers walked away from supply contracts, spot prices have fallen to a record low, crippling the profitability of energy giants like Royal Dutch Shell Plc and Exxon Mobil Corp.

CNOOC sent the force majeure notice to suppliers including Shell and Total SA, according to people familiar with the matter, who asked not to be identified because the matter is confidential. Shell declined to comment while Total's press office didn't respond to a request for comment. The French company's chief executive said he hadn't received the force majeure notice.

China said last week that it would offer support to companies seeking to declare force majeure on international contracts. The clause allows a company to opt out of obligations without legal recourse because of reasons beyond its control.

CNOOC isn't the only Chinese LNG buyer affected. The country's largest oil and gas firm, PetroChina Co, was forced to delay discharge timings for multiple cargoes because it can't get

enough workers to its Rudong, Dalian and Caofeidian LNG terminals to run them at full capacity. The company hasn't invoked force majeure because of the delays. – Bloomberg

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## Europe's top economies falter as new virus clouds outlook



Tumbling industrial production in Germany and France in December rounded off a year blighted by trade war tensions for Europe's top economies, official data showed Friday, while the novel coronavirus outbreak threatens hopes of a 2020 revival. Growth in both nations sputtered in 2019, with output actually shrinking for Germany in the April-June quarter and for France in October-December.

German growth overall slowed from 1.5 percent in 2018 to just 0.6 percent in 2019, according to preliminary data, while France did better but still slipped from 1.7 to 1.2 percent.

In December, manufacturing output was down 3.5 percent month-on-month in Germany and off 2.8 percent in its western neighbour.

In Germany, “there are very few positive elements to find in the December industrial data,” ING bank economist Carsten Brzeski said, adding that the figures point to Europe’s top economy having shrunk in the fourth quarter.

In the final months of last year, there was still widespread uncertainty about whether the US and China would bury the trade hatchet, after months of tough negotiations and tit-for-tat tariffs.

Figures released Friday showed Germany’s trade surplus – the amount exports outweigh imports – shrank slightly from 228 billion euros (\$250 billion) in 2018 to 224 billion euros in 2019.

The US and China last month signed a “phase one” trade pact, designed to ease the commercial tensions whose knock-on effects last year battered European manufacturers. Meanwhile Britain’s departure from the European Union – pushing the risk of a fresh “no deal” cliff-edge back to December – also helped brighten the mood.

More positive “soft” indicators like German business sentiment surveys in Germany have prompted some analysts to see clearer skies ahead for manufacturers.

Despite December’s data, “forward-looking indicators continue to point to a modest cyclical rebound in the near term,” said Frederik Ducrozet, strategist at Pictet Wealth Management.

With Brexit and trade tensions less prominent for now, two of



the main risks to growth cited by institutions like the European Central Bank have ebbed. Against that backdrop, “the coronavirus comes at a particularly bad moment,” BNP Paribas analyst William de Vijlder said.

“The global economy was showing tentative signs of a growth pick-up and, in all likelihood, this momentum will now be stopped or even reversed”.

Global efforts to contain the coronavirus will likely brake activity at companies around the world for whom China is a vital link in global supply chains – including Germany’s massive car industry.

Given that, “we doubt this will be the last of the run of negative quarters,” said analyst Andrew Kenningham of Capital Economics.

There is also little prospect that the ECB will step in to shore up growth by further opening the money sluices, analysts said.

Policymakers are already divided over its unprecedented low and negative interest rates and “quantitative easing” (QE) bond-buying scheme, and the bank has just kicked off a year-long rethink of its strategy and goals.

Low rates and meagre inflation have “significantly reduced the scope for the ECB and other central banks worldwide to ease monetary policy,” ECB president Christine Lagarde told European Parliament lawmakers in Brussels Thursday.

Instead, governments should use tax and spending changes to buttress their economies where they can, she said.

In the ECB’s assessment of the eurozone economy, “the balance of risks to the outlook will likely remain tilted to the downside until the effects of the coronavirus are better known,” Pictet economist Ducrozet said.

That “may prompt a more cautious tone from the ECB” when policymakers meet next month, he added.

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## Meet the First (And Only) German City to Commit to ‘Zero Waste’



Germans are world leaders in recycling, but one city has decided more needs to be done to protect the environment.

Kiel, a Baltic port known for its annual sailing regatta, last year became the first – and so far only – German municipality to sign up to the global “Zero Waste” initiative.

The ambitious goal of the city of nearly 250,000 is to

eliminate waste, conserve and recover resources and not burn or bury them. It's a recognition that waste management, anti-incineration, and reduced plastic production are vital to efforts to reduce the greenhouse gas emissions blamed for global warming.

"On the one hand, we are world champions at separating rubbish, but on the other the creation of plastic waste has not declined in any way, quite the contrary," said Andreas von der Heydt, head of Kiel's environmental protection agency.

"That means we really need to think about how we can avoid waste creation in the first place," he said, citing "quite shocking" data showing surging global waste production.

## **Waste Generation Is Rising Globally**

The "Zero Waste" concept has been around for almost two decades, even if it has taken more time to catch on in Germany than other countries. The subject was on the agenda at the World Economy Forum in Davos this month and firms such as Adidas AG and Unilever, as well as asset management giant BlackRock Inc. are embracing it.

The European Union adopted a "Circular Economy Package" in December 2015 designed to push member states away from a "take, make, use and throw away approach." Last year, the bloc said that in 2016 alone, activities such as repair, reuse or recycling gave a boost worth almost 147 billion euros (\$162 billion) to the economy and generated some 17.5 billion euros of investment.

The flow of materials accounts for more than half of emissions in OECD countries and reducing waste could help achieve the target of limiting temperature increases in the atmosphere to below 1.5 degrees Celsius, Zero Waste advocates say.

Other German cities are considering following Kiel's lead.

Munich Mayor Dieter Reiter said in October he wants the Bavarian capital to pursue Zero Waste “in the not too distant future.” Germany has a good deal of catching up to do. Around 300 municipalities in Italy, where Zero Waste Europe has its origins, have signed up, along with about 100 in Spain.

“We’ve all got those pictures of plastic-filled oceans in our heads,” Reiter said. “That’s why I wanted to know, as mayor, what we can do to in concrete terms to prevent waste from being generated in the first place.”

A European Environment Agency report published last week said that there is “still a long way to go to turn Europe into a truly circular economy” and it will require “long-term involvement at all levels, from member states, regions and cities, to businesses and citizens.”

## **Waste Generation**

Germany generates more waste per capita than the EU average

Kiel, the capital of the region of Schleswig-Holstein, which is run by a coalition of Chancellor Angela Merkel’s Christian Democrats, the Greens and the Free Democrats, is attempting to rise to the challenge, helped by federal government funding. Von der Heydt said a detailed action plan will be presented to the city administration for approval in April.

As well as trying to change people’s consumption habits, measures will include efforts to reduce packaging in stores and promote second-hand markets for things like furniture, textiles and construction materials.

Kiel has benefited from a know-how sharing partnership with San Francisco, an early convert to the “Zero Waste” concept, and advice from Germany’s Wuppertal Institute, which conducts research on sustainable development. Zero Waste Europe, which gets most of its funding from the EU, will oversee the city’s

progress.

Von der Heydt said Germany has been relatively slow in adopting Zero Waste policies probably because of a widespread belief that enough is already being done through existing recycling programs. At 68%, Germany has the highest rate of recycling for municipal waste, according to the most-recent data, well above the EU average of 46%.

## **Waste Recycled**

Germany has the highest recycling rate in the EU

(Latest data available for municipal waste recycled and composted are for 2017)

“Many people believe that our waste system in Germany is already very well developed and that it’s enough to maintain the status quo,” Von der Heydt said by telephone. “The system we have is such that it’s difficult to change tack in the short term.”

Jack McQuibban, cities program coordinator at Brussels-based Zero Waste Europe, said that many administrations need waste to feed incinerators to generate heat or energy – and a profit – for the local community.

“We need to challenge this idea that incineration or zero waste for landfill is actually zero waste. It’s not,” McQuibban said. “We haven’t been able to grow as much in Germany perhaps because of that and there’s a real opportunity there.”

– *With assistance by Brian Parkin*

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# Lagarde Started ECB Tenure Amid Calls for Policy Vigilance



Christine Lagarde's first policy meeting as European Central Bank president started off with calls for "vigilance" on the efficacy of current stimulus measures, even as officials agreed to maintain their stance for now.

Some Governing Council members "highlighted the need to be attentive to the possible side effects of the present monetary policy measures, which merited close monitoring in the period ahead." According to an account of the Dec. 11-12 discussion released on Thursday in Frankfurt, officials nevertheless highlighted that "measures should be given time to exert their full impact on the euro-area economy."

The euro hit a fresh day high following the publication. It

was up 0.1% at 1:40 p.m. Frankfurt time, trading at \$1.1165.

The Governing Council held off from stimulus changes in December, placing the spotlight instead on Lagarde's press conference and her plans for the ECB to review its strategy. One of the key issues policy makers intend to assess is their inflation goal, with more details to be revealed later this month when the review is due to be formally launched.

The meeting started earlier than usual on Dec. 11, and was marked by a commitment to allowing every member to air his views, according to officials who have spoken since the discussion. Lagarde took over from Mario Draghi on Nov. 1, and has sought to mend bridges after a controversial stimulus package was announced in September that included an interest-rate cut and fresh bond purchases.

Some concern regarding the impact of the ECB's negative interest-rate policy was expressed, according to the account. "It was recalled that macroprudential policies were the first line of defense for addressing risks and side effects, as they could be tailored to the issues identified." At the same time, "the implementation of monetary policy could also be adjusted to reduce unwanted side effects."

Governing Council members saw "some initial signs of stabilization in the growth slowdown" and expressed confidence that the industry slump may be bottoming out before creating more broad-based spillovers to domestic demand.

Since officials concluded in December that the global geopolitical situation wasn't "conducive to lowering uncertainty" in the short term, recent economic indicators have pointed to improving sentiment. The U.S. and China signed a trade accord and the U.K. is one step closer to exiting the European Union.

Regarding price developments, "further efforts should be made to try to better understand the reasons behind the unexpected

weakness in inflation,” according to the account. It was noted that “there had been a solid upward movement in underlying inflation” were it not for the impact from volatile package-holiday prices in Germany.

The ECB suggested there could be upside potential to its latest projections. “The impact of the ECB’s monetary-policy measures on growth and inflation contained in the December 2019 staff projections was seen as being rather conservative compared with a range of estimates from different models.”

Officials also discussed climate-related policies and agreed there was a need to better understand their economic impact. “It was argued that while such policies could be considered a negative supply shock, the response to climate change could also lead to significantly higher investment.”

They expressed satisfaction with the implementation of their two-tier system for reserve remuneration and cautioned against over-interpreting relatively weak takeup in the ECB’s latest offering of long-term loans.

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**Qatari-Turkish partnership an inspiring model of bilateral alliances, says al-Kuwari**





HE Ali bin Ahmed al-Kuwari, Minister of Commerce and Industry, is leading Qatar's delegation to the OIC High Level Public and Private Investment Conference, which is taking place in Istanbul from yesterday, under the theme of "Unleashing Intra-OIC Investment Opportunities: Investment for Solidarity and Development." The conference will end today.

Qatar's participation in the conference comes within the framework of its keenness to strengthen bilateral relations with Turkey and to bolster co-operation with OIC member states, while providing insight into the investment climate in Qatar and the opportunities that the State offers in various promising sectors.

In his remarks, al-Kuwari said the conference represented a key step towards promoting trade and investment co-operation and integration among Islamic countries.

Al-Kuwari noted that numerous international institutions have lowered their estimates for global growth for the current year, including the Organisation for Economic Cooperation and Development (OECD), which noted in its latest November 2019 report that the global economy will grow at the slowest pace since the global financial crisis at a rate of 2.9% in 2019 and an average of 2.9%-3% between 2020 and 2021.

The International Monetary Fund (IMF) also projects that over

70% of economies around the world will experience a decline in GDP growth to 3.3% in the first half of the year compared to 3.6% in 2018, al-Kuwari added.

Al-Kuwari explained that these estimates reflect delicate geostrategic and economic changes that coincided with a slowdown in multilateral trade and the negative repercussions of political uncertainties, which are leading to rising economic nationalism and protectionist measures at the global trade level, which resulted in a slowdown in various global economic sectors, especially foreign direct investments.

Al-Kuwari said the decline in investment inflows was evident across OIC Member States, noting that FDI inflows into the OIC region stood at \$107.4bn in 2018, dropping by \$35.6bn compared 2011. Al-Kuwari noted that this decline reflects the magnitude of the challenges faced by investors in OIC countries, particularly in terms of restrictions imposed on the transfer of profits and foreign capital. Al-Kuwari called for the adoption of a comprehensive economic strategy to encourage investment inflows and stimulate growth in a way that reflects the economic capabilities and potential of member states in a bid to achieve economic integration and promote joint Islamic action.

Touching on Qatar's economic performance, al-Kuwari explained that the Qatari economy saw a balanced and flexible performance in the midst of these global conditions.

In this context, al-Kuwari highlighted Qatar's efforts to support the private sector and to diversify its economy in line with the National Development Strategy 2018-2022, which aims to promote the growth of added value sectors including the industrial, financial services and tourism sectors.

Al-Kuwari highlighted that Qatar has sought to speed up the implementation of key initiatives and measures aimed at cementing the country's position as an attractive business and investment destination.

Touching on Qatar's legislative environment, al-Kuwari emphasised Qatar's keenness to consolidate foreign investment-friendly laws such as the law regulating the investment of

non-Qatari capital in economic activity and the Free Zones Investment law, which allow investors up to 100% ownership.

Al-Kuwari noted that Qatar is embracing a policy of economic openness to effectively engage with global markets, and build fruitful international partnerships, by capitalising on its developed infrastructure such as Hamad International Airport and Hamad Port as well as free zones and logistical and industrial areas, which represent an important incentive for foreign companies to invest in non-oil sectors to tap local markets and expand their business into new regional markets.

Al-Kuwari elaborated on the Qatari-Turkish strategic partnership, which represents an inspiring model of bilateral regional alliances.

Al-Kuwari explained that Qatar and Turkey enjoy close and friendly relations, noting that these relations reflected positively on bilateral trade, which reached about QR5.69bn, the equivalent of \$1.55bn between January and September 2019.

Al-Kuwari added that the growth in bilateral trade reflects the effectiveness of Qatari-Turkish joint measures and initiatives particularly the Trade and Economic Partnership Agreement that was signed in November 2018.

Al-Kuwari noted that this agreement represents a decisive step in bolstering economic integration between Qatar and Turkey, adding that the benefits of the agreement outweigh those secured within the framework of the World Trade Organisation in terms of preferential transactions and customs exemptions for goods and services as well as the incentives it offers to investment companies in both countries.

Al-Kuwari praised Turkish companies for contributing to the growth of the Qatari economy, noting that more than 535 Qatari-Turkish joint companies are currently operating in Qatar.

Al-Kuwari concluded his remarks, noting that the purpose of his participation in the conference is to bolster joint Islamic action in line with the OIC principles and objectives, and to develop co-operation and co-ordination mechanisms among member states to promote investments and to serve the

developmental orientations and aspirations of people in terms of stability and prosperity.

During its participation in the conference, the Qatari delegation showcased the most prominent laws and legislations that the State ratified to stimulate foreign direct investments, in addition to the incentives and services offered to investors to streamline the submission of investment applications and the processing of transactions, and to eliminate obstacles that may face investors with relevant authorities, which will contribute to attracting foreign direct investments and enhancing Qatar's competitive position in the region and beyond.

The conference aims to promote investments within the framework of the OIC by reducing obstacles that impede the flow of goods, services and financing between OIC member states and adopting mechanisms that facilitate business procedures.

The conference provides a platform for public and private policymakers in OIC member states to discuss issues of common interest including innovative financing sources for the development of the private sector and the enhancement of the global value chain as well as the role of export credit agencies in mitigating trade and political risks to encourage and protect investments, in addition to the dynamics of the private sector to enhance investment flows within OIC and the role of investment promotion agencies in promoting investments within the organisation's framework among other topics aimed at enhancing sustainable partnerships between public and private sector stakeholders in member countries and stimulating investments in the region.

The High Level Public and Private Investment Conference is organised and sponsored by Turkey, the Organisation of Islamic Cooperation and the Islamic Development Bank. The conference, which sheds light on various sectors including the trade, agricultural and infrastructure sectors, brings together 750 participants from 56 countries, including heads of states, ministers, senior officials, decision makers and business

leaders.

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# Measuring Democratically

# Growth



or decades, gross domestic product has captured the attention of economists and policymakers around the world, offering a single, simple proxy for economic growth. Yet for all of its convenience, it is a poor proxy for human progress, and could easily be improved with a complementary metric that weighs citizens more equally.

WASHINGTON, DC – Abhijit Banerjee and Esther Duflo, two of this year’s recipients of the Nobel Memorial Prize in Economic Sciences, are the latest among leading economists to remind us that gross domestic product is an imperfect measure of human welfare. The Human Development Index, published by the United Nations Development Programme, aggregates indicators of life expectancy, education, and *per capita* income and has long been available as an alternative to *per capita* income alone. In

2008, Joseph E. Stiglitz, Amartya Sen, and Jean-Paul Fitoussi outlined the many failures of GDP for the French government-sponsored Commission on the Measurement of Economic Performance and Social Progress. Subsequent OECD-sponsored work elaborated on their findings, and related research by the Brookings Institution's Carol Graham (on subjective wellbeing) and Duke University's Matthew Adler (on the measurement of social welfare) has received well-deserved acclaim.

Nonetheless, GDP continues to reign supreme in the halls of power. Policymakers around the world are constantly awaiting the latest quarterly data on GDP growth, and variations of one-tenth of a percentage point are regarded as significant indicators of macroeconomic performance. The International Monetary Fund's *World Economic Outlook* may include in-depth analysis across a wide range of topics, but it always starts with GDP.

To see why treating GDP growth as a proxy for progress even in terms of income alone is highly problematic, consider the case of a country with ten citizens and a GDP of \$190, where nine citizens start with \$10 each and the tenth citizen starts with \$100. (Moreover, assume that GDP is equal to national income, so that net factor income from abroad is zero.)

Now, imagine that the first nine citizens experience no income growth in a given year, while the tenth enjoys a 10% increase. GDP will have increased from \$190 to \$200, implying an annual growth rate of approximately 5.26%. This is reflected in the usual way national income is computed. Individuals are weighed by their share of total income, and that 5.26% rate represents a weighted average in which the income growth of the tenth citizen counts nine times more than that of each of the other nine citizens.

Contrast this example with one in which the same country uses a "democratically" measured growth rate, weighing each

individual equally as a share of the population rather than as a share of total income. Here, the growth rate would reflect the weighted sum of nine 0% growth rates and one 10% growth rate, each weighed at one-tenth, with a resulting total growth rate of 1%.

The weighing of individuals by their share of income is not generally perceived by the public. But this implicit practice is important to point out, because it enshrines the principle of one dollar, one vote, rather than one person, one vote. It is essential for assessing the total size of a market or the economic "power" of a country, but it does not capture an economy's performance for its citizens.

This is hardly the only reason why GDP is an inadequate measure of human wellbeing. It also ignores people's need for respect, dignity, liberty, health, rule of law, community, and a clean environment. But even if all of these other democratic "goods" were satisfied, GDP still would fail as a metric of progress, purely in terms of income alone.

Building on work by the economists Thomas Piketty, Emmanuel Saez, and Gabriel Zucman, the Center for Equitable Growth has proposed "GDP 2.0," a metric that would complement existing aggregate GDP reports by disaggregating the income growth of different cross sections of the population (such as income quintiles). Providing this kind of distributional picture regularly would require increased coordination among government departments, as well as some conventions on, for example, how to use tax data to complement the usual national accounts. But conventions are also needed for existing national income accounting.

Provided that distributional data are routinely available, one could compute a growth rate based on the weighted average across each decile of the income distribution, with equal weighting for population, as in the example above. Individuals would still be weighed by their incomes *within* each group

(which is why it would be preferable to use deciles rather than quintiles), but the final product would be much closer than current methods to the “democratic” ideal.

One of the main advantages of GDP growth is that it is expressed with a single number, whereas other performance indicators either are presented within dashboards comprising multiple metrics or aggregated in essentially arbitrary ways. The implicit use of income shares as aggregation weights is perfectly appropriate for macroeconomic analysis and is not arbitrary. The problem arises when GDP becomes a proxy for progress. What we can measure easily and communicate elegantly inevitably determines what we will focus on as a matter of policy. As the Stiglitz-Sen-Fitoussi report put it, “What we measure affects what we do.”

Publishing a democratic metric like the growth rate of GDP 2.0 is no pipedream. A GDP growth rate using equal weights for each decile of the population would also produce a *single number* to complement the usual growth rate. True, it still would not capture the substantial differences *within* the top decile in many countries where the top 1% have been gaining disproportionately compared to everyone else. And we still would need other metrics to measure performance in dimensions other than income. But as a single figure published alongside GDP growth, it could go a long way toward changing the dominant conversation about economic performance.