

Italy's biggest bank wants to become less Italian



MILAN (Reuters) – The chief executive of UniCredit (CRDI.MI) has a plan to revive his company's ailing share price – make it less Italian.

Italy's biggest bank is looking at whether it can distance itself from its home country's stagnating economy and fractious politics by putting some of its most prized assets under one roof in Germany, people familiar with the matter said.

Jean Pierre Mustier will unveil on Dec. 3, as part of his new business plan, a scheme to set up a new sub-holding company in Germany to house the bank's foreign operations, the sources said.

By keeping its assets in Germany, Austria, Eastern Europe and Turkey away from Italy, UniCredit could reduce their Italian identity – and associated credit rating – making their funding cheaper, the sources said.

Mustier, a Frenchman appointed in July 2016 to reinvigorate the then weakly capitalized Milanese bank, has sold businesses, cut jobs and shut branches to strengthen UniCredit's balance sheet. Sources earlier this year said the bank had put on ice a possible bid for German rival Commerzbank (CBKG.DE).

But UniCredit, which describes itself as pan-European, operates in 14 countries and makes just over half of revenues outside Italy, is still essentially perceived by investors as a risky Italian institution.

The new plan is an indication of Mustier's belief that the Italian economy is holding back UniCredit's share price and risks pushing up the bank's funding even more if the economic outlook deteriorates.

"Who can say for sure that Italy's debt won't be downgraded to junk?" said one source, speaking on condition of anonymity and describing the corporate reorganization as an insurance policy if Italy's economy continues to perform poorly.

"The bank has to be ready for that kind of possibility," the person said, noting Moody's currently rates the euro zone's third biggest economy – burdened with the second highest debt to GDP ratio in the single currency bloc – just one notch above non-investment grade. Germany has a triple-A rating with all major credit ratings agencies.

SOVEREIGN DEBT PROXY

Italian banks – which are struggling with bad loans, a sluggish economy and political instability – have traditionally been seen as a proxy for the country's sovereign debt because they hold vast amounts of government bonds.

UniCredit trades at 0.5 times book value, among the lowest levels in the industry, despite having a better than average return on equity. Its share price has fallen 30% since April

last year, wiping out much of the rally it had after Mustier took charge.

To place a \$3 billion, five-year bond in November last year, when a sell-off in Italian assets sent borrowing costs for the country's banks soaring and shut all but the strongest names out of the funding market, UniCredit had to pay a steep 7.8% coupon.

"UniCredit is by size one of Europe's leading banking groups but, because of its Italian roots, investors associate it with the Italy risk to an extent which is in my opinion excessive given its geographical diversification," Stefano Caselli, banking and finance professor at Milan's Bocconi University.

"It's clear that UniCredit pays a price both in terms of regulatory capital and cost of funding for being Italian," he said. "So a diversification strategy aimed at allowing the bank to link its cost of funding to the countries where it is present makes total sense."

Some other Italian companies with big foreign operations, including car maker Fiat Chrysler (FCHA.MI) and broadcaster Mediaset (MS.MI), have moved or are in the process of moving their legal headquarters to the Netherlands as part of a pivot away from Italy.

he European Central Bank would have to approve the plan to set up the holding company in Germany – where UniCredit already owns lender HVB – potentially taking at least a year, meaning the shift would not happen for sometime.

CUTTING EXPOSURE

Mustier has repeatedly said that UniCredit will remain listed and headquartered in Milan and reiterated the bank's commitment to its home country.

But since May he has steadily cut the bank's exposure to

Italy, including by selling its stake in online broker FinecoBank (FBK.MI) and announcing it would reduce its 55 billion euros (\$61.37 billion) portfolio of Italian government bonds.

The bank is also considering cutting 10,000 jobs, or around 10% of its workforce, as part of the new 2020-2023 plan, almost all of them in Italy, sources said in July.

UniCredit has said any workforce reduction will be handled through early retirement.

But the planned cuts, together with a wider management reshuffle earlier this year, have helped to create a perception among some employees and rivals that the bank is less focused on its Italian operations.

“You can tell that the Italian commercial business is not a priority for them, they are not aggressive, they are not chasing clients,” said the chief executive of another Italian bank.

A UniCredit spokesperson said that figures from the bank’s divisional database showed customer deposits for Italy’s commercial banking operations rose by 4.3% in the second quarter of 2019 from a year earlier, while customer loans increased by 1.7% over the same period.

Three words, 11mn jobs: Draghi’s legacy for euro area

Draghi's Pride

ECB president takes credit for post-crisis jobs growth



Explore what's moving the global economy in the new season of the Stephanomics podcast. Subscribe via Pocket Cast or iTunes.

Three words – whatever it takes – defined Mario Draghi's time as European Central Bank president, but he's prouder of another number: 11 million jobs.

Hardly a public appearance goes by without Draghi mentioning employment growth in the euro zone as a justification for the extraordinary monetary stimulus he's pushed through since 2011.

The focus on jobs might be understandable given that, despite all his efforts, he's fallen far short on his primary mandate of inflation. That failure forced him into a last-ditch, and controversial, push in September to boost price growth. He leads his last Governing Council meeting on Thursday before retiring on Oct. 31.

So how has the region's economy fared under Draghi, with his 2012 pledge to save the euro, and crisis-fighting measures such as negative interest rates and asset purchases? Here are some of the metrics that show his successes and failures.

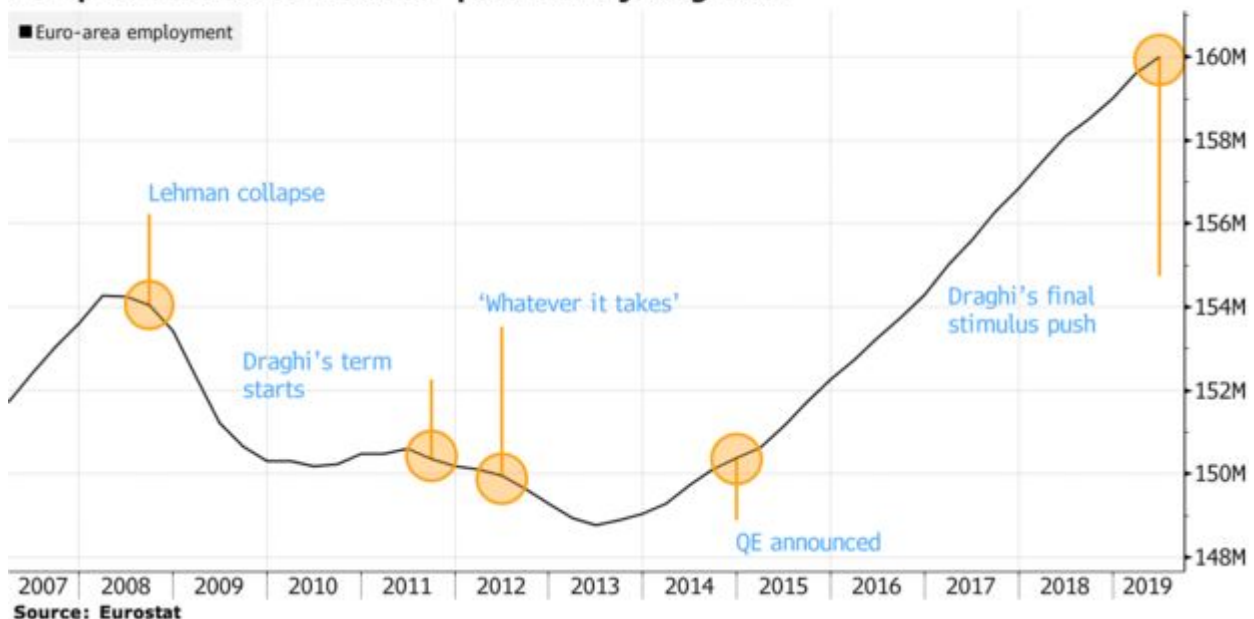
Labor Market

Employment growth since 2013, when the 19-nation euro zone emerged from its double-dip recession, is unequivocally Draghi's biggest economic achievement – if you discount that the single currency might not even exist today without his commitment the previous year to protect it when a debt crisis sparked breakup fears.

The labor market has underpinned the bloc's recovery, feeding private spending and investment. It has become one of the biggest bulwarks against the recent chaos from the U.S.-China trade war, President Donald Trump's protectionist rhetoric against Europe, and Brexit.

Draghi's Pride

ECB president takes credit for post-crisis jobs growth



Looking deeper though, the picture is more complex. Germany has built on impressive job creation that started well before Draghi's term, after domestic reforms, and was only briefly interrupted by the Great Recession. France can tell a similar tale, but labor markets in Spain and Greece along with some of the smaller euro members still haven't made up the lost ground.

Economic Growth

Regional differences are equally striking when analyzing economic growth. Aside from Greece and Cyprus – both deeply scarred after years of austerity and a near-collapse of their financial system – no country has done worse than Draghi's native Italy in terms of total output per head.

Inflation

The prime reason for the ECB's record-low interest rates, cheap long-term loans and 2.6 trillion euros (\$2.9 trillion) of asset purchases – so far – is its attempts to overcome weak inflation.

That hasn't gone well. Consumer-price growth over Draghi's eight-year term has averaged 1.2% which, unlike with his predecessors, falls short of the goal of "below, but close to, 2%." It was even negative at times – so Draghi can at least console himself with the fact that he beat deflation.



Subdued price pressures are a mystery, and not only for Draghi. Central bankers around the world have puzzled over why low unemployment and rising wages aren't translating into stronger inflation as standard economic models predict. The suspicion is that developments such as global supply chains and internet commerce are at least partially to blame.

The result is dwindling inflation expectations, a dangerous development for a central bank whose credibility hinges on convincing investors and the public that it can deliver on its mandate. The drift has kicked off a debate about whether incoming president Christine Lagarde needs to commission a review looking at both how the ECB sets policy and whether its definition of price stability, last updated in 2003, is still appropriate.

Bank Lending

One other key indicator the ECB uses to gauge its success is lending by banks to companies and households, and that has responded better to stimulus. At just under 4%, credit is expanding at three times the rate of gross domestic product. Banks say that growth is threatened by negative interest rates, which squeeze their profit margins and might eventually force them to pull back.

Greece

One small economy has taken an outsized chunk of Draghi's attention. Concerns about Greece's public finances first surfaced in late 2009, and by 2015 the ECB was enmeshed in a banking crisis and game of political brinkmanship that threatened to splinter the single currency area.

Draghi's kept the country's lenders alive, by approving emergency liquidity, just long enough to allow a political solution that kept Greece in the bloc. Since then, the economy has started to recover, though lags far behind its peers. Draghi himself said this year that the Greek people paid a high price. Euro's Future

For all the furor over a possible "Grexit" and the flirtations of factions in France and Italy with the idea of a future outside the currency union, membership has actually continued to grow. Latvia joined in 2014, Lithuania one year later, and other countries in eastern Europe have expressed an interest in doing likewise.

At the end of Draghi's term, a measure of the probability of a breakup of the bloc is near a record low. It might be his ultimate legacy.



For Sarah Hewin, an economist at Standard Chartered Bank in

London, both Draghi's role in keeping the euro region intact and his record of "huge" job creation won't be easily forgotten.

Those were "two really huge achievements during his time," she told Bloomberg Television on Tuesday. "I think those are the ones that he'll be remembered for."

EU warns France, Italy over budgets, but rows unlikely



STRASBOURG (Reuters) – The European Commission said France and Italy draft budgets for next year might breach of European Union fiscal rules and it asked for clarification by Wednesday in letters sent to the countries' finance ministers.

The EU executive has also issued budget warnings to Finland over its spending, and to Spain, Portugal and Belgium, who have submitted incomplete budget plans because of recent elections.

The EU's move on Italy is considered necessary, since Rome plans to spend more to boost growth. It is unlikely to lead to a repeat of last year's standoff, when Brussels forced the Italian government to amend its budget to avoid sanctions.

The letter to Italy, dated Oct. 22 and signed by economic commissioners Valdis Dombrovskis and Pierre Moscovici, said a preliminary assessment of the 2020 draft budget showed that it fell short of EU fiscal recommendations to reduce spending.

"Italy's plan does not comply with the debt reduction benchmark in 2020," the letter said.

That was the same message Brussels sent Italy last year. The situation since then has changed: Italy now has an EU-friendly government, the EU is pushing for more spending to counter recession risks and the current commission is also about to end its five-year mandate.

Moscovici told reporters on Tuesday the situation was different from last year and the commission would not ask for changes to Italy's budget, reiterating the soothing message he delivered last week in an interview with Reuters.

Italian Prime Minister Giuseppe Conte said Rome would provide the necessary information to Brussels as part of an exchange that finance ministry sources said did not cause concerns.

Brussels wants Italian Finance Minister Roberto Gualtieri to explain why, according to his draft budget, the country's structural balance, which excludes one-off revenues and expenditures, would worsen by 0.1% of gross domestic product instead of improving by 0.6% as requested by the EU.

The Commission is also asking why net primary expenditure, which strips out interest payments, is budgeted to grow by 1.9% of output next year, instead of falling as recommended by the EU.

At the same time, Brussels is looking into whether it could grant Italy leeway for “unusual events”, it said in the letter. If granted, as widely expected after Rome’s request, the flexibility could allow Italy to deviate from fiscal targets without breaching EU fiscal rules.

FRANCE, CARETAKER GOVTS

Brussels sent similar warnings to French Finance Minister Bruno Le Maire, saying under the existing draft budget that Paris would breach EU rules on public debts.

France foresees no structural improvement next year, contrary to EU requests for an improvement worth 0.6% of GDP.

Paris will provide the requested clarifications, Finance Minister Bruno Le Maire said, adding that he had made a political choice to cut taxes in a bid to address social issues in France and the slowdown of the global economy.

The Commission, which is in charge of assessing the budgets of euro zone countries, also sent warnings to Spain, Portugal and Belgium, whose caretaker governments were not in a position to submit complete budgets by the Oct. 15 deadline set by EU rules.

Spain and Belgium have not formed new governments following this year’s elections, with Spain going to the polls again in November. In Portugal, a new cabinet has not yet been sworn in after elections held this month.

Countries occasionally present incomplete budgets because of elections, but the commission warned that the current budgetary measures laid out by the three caretaker executives

could fall short of EU fiscal rules.

A warning letter was also sent to Finland because of its growing public spending. Helsinki replied, saying the measures were temporary and necessary to boost employment and improve public finances in the long run.

Reporting by Francesco Guarascio, editing by Alexandra Hudson, Ed Osmond, Larry King

Investor revolt torpedoed Swiss Sunrise Group's \$6.4bn Liberty Global deal



Sunrise Communications Group bowed to investor pressure yesterday and scrapped its 6.3bn Swiss franc (\$6.39bn) acquisition of Liberty Global's Swiss cable business UPC.

The number two Swiss telecommunications group had battled to save the deal in the face of opposition from its biggest shareholder, Germany's Freenet, which holds 25% of its stock, and activist investors including Axxion and AOC.

"This is a missed opportunity to promote competition in the Swiss market," said Sunrise chief executive Olaf Swantee, who had planned to bundle mobile, broadband, TV and fixed-line products to close the gap to market leader Swisscom.

Sunrise will now focus on going it alone, top managers said, stressing that its dividend was not at risk from transaction costs and a 50mn Swiss franc break fee it owes Liberty Global, a firm set up by US cable pioneer John Malone.

The company cancelled an extraordinary shareholder meeting (EGM) planned for today to approve a 2.8bn franc cash call needed to finance the UPC deal, avoiding an embarrassing defeat on the measure.

Freenet and other investors had opposed the rights issue even in its scaled-down form, saying the takeover was too expensive, improperly financed and strategically flawed.

Influential proxy adviser ISS helped doom the deal by recommending shareholders oppose it.

"We regret cancelling the EGM. We have spent a significant amount of time engaging with our shareholders and continue to believe in the compelling strategic and financial rationale of the acquisition," Sunrise chairman Peter Kurer said.

Not even support from investment banks UBS, Deutsche Bank, Morgan Stanley, Credit Suisse and Goldman Sachs was able to help Sunrise get the deal across the finish line.

Although the share purchase agreement technically remains in force until late February, Sunrise made clear the deal was effectively dead.

"Management is now really focused on implementing the standalone strategy. We respect the decision of the shareholders," Swantee told Reuters, adding he did not expect to resume negotiations with Liberty Global.

Asked about his future after championing a deal that went awry, Swantee said only: "Our priority is stabilising Sunrise."

Kurer, who has said he would likely be voted out of office if the deal failed, was also under fire. "We expect that he will now draw the consequences and immediately resign as chairman," activist AOC said.

Sunrise shares, which had fallen more than 10% this year, gained 2.7% by 1230 GMT. Freenet boss Christian Vilanek saw more room for them to rise. "If we all pull together the stock

can rise significantly over the next 12 to 24 months," he said, adding Freenet had no plans to divest its Sunrise stake. Analysts said the collapse would ease pressure on prices in the Swiss market. "Swisscom receives a 'get out of jail free' card," Berenberg analyst Usman Ghazi said.

The future of UPC remained in limbo.

Ghazi said he doubted UPC would join forces with Salt, the third big Swiss player, but an investment banker involved in the deal said this was clearly a possibility, if not in the immediate future.

Liberty Global, which is exiting several European markets, was unlikely to change course and become a buyer, analysts said.

UPC Swiss head Severina Pascu said her operation remained a successful company with a strong standalone strategy.

Gmail hooked us on free storage. Now Google is making us pay



Google lured billions of consumers to its digital services by offering copious free cloud storage. That's beginning to change.

The Alphabet Inc. unit has whittled down some free storage offers in recent months while prodding more users toward a new paid cloud subscription called Google One. That's happening as the amount of data people stash online continues to soar.

When people hit those caps, they realize they have little choice but to start paying or risk losing access to emails, photos and personal documents. The cost isn't excessive for most consumers, but at the scale Google operates, this could generate billions of dollars in extra revenue each year for the company. Google didn't respond to an email seeking comment.

A big driver of the shift is Gmail. Google shook up the email business when Gmail launched in 2004 with much more free storage than rivals were providing at the time. It boosted the storage cap every couple of years, but in 2013 it stopped. People's in-boxes kept filling up. And now that some of Google's other free storage offers are shrinking, consumers are beginning to get nasty surprises.

"I was merrily using the account and one day I noticed I hadn't received any email since the day before," said Rod Adams, a nuclear energy analyst and retired naval officer. After using Gmail since 2006, he'd finally hit his 15-gigabyte cap and Google had cut him off. Switching from Gmail wasn't an easy option because many of his social and business contacts reach him that way.

"I just said, 'OK, been free for a long time, now I'm paying,'" Adams said.

Other Gmail users aren't so happy about the changes. "I am unreasonably sad about using almost all of my free google storage. Felt infinite. Please don't make me pay! I need U gmail googledocs!" one person tweeted in September.

One self-described tech enthusiast said he's opened multiple Gmail accounts to avoid bumping up on Google's storage limits.

Google has also ended or limited other promotions recently that gave people free cloud storage and helped them avoid Gmail crises. New buyers of Chromebook laptops used to get 100 GB at no charge for two years. In May 2019 that was cut to one year.

Google's Pixel smartphone, originally launched in 2016, came with free, unlimited photo storage via the company's Photos service. The latest Pixel 4 handset that came out in October still has free photo storage, but the images are compressed now, reducing the quality.

More than 11,500 people in a week signed an online petition to bring back the full, free Pixel photos deal. Evgeny Rezunenko, the petition organizer, called Google's change a "hypocritical and cash-grabbing move."

"Let us remind Google that part of the reason of people choosing Pixel phones over other manufacturers sporting a similar hefty price tag was indeed this service," he wrote.

Smartphones dramatically increased the number of photos people take – one estimate put the total for 2017 at 1.2 trillion. Those images quickly fill up storage space on handsets, so tech companies, including Apple Inc., Amazon.com Inc. and Google, offered cloud storage as an alternative. Now as those online memories pile up, some of these companies are charging users to keep them.

Apple has been doing this for several years, building its iCloud storage service into a lucrative recurring revenue stream. When iPhone users get notifications that their devices are full and they should either delete photos and other files or pay more for cloud storage, people often choose the cloud option.

In May, Google unveiled Google One, a replacement for its Drive cloud storage service. There's a free 15 GB tier – enough room for about 5,000 photos, depending on the resolution. Then it costs \$1.99 a month for 100 GB and up from there. This includes several types of files previously stashed in Google Drive, plus Gmail emails and photos and videos. The company ended its Chromebook two-year 100-GB free storage offer around the same time, while the Pixel free photo storage deal ended in October with the release of the Pixel 4.

Gmail, Drive and Google Photos have more than 1 billion users each. As the company whittles away free storage offers and prompts more people to pay, that creates a potentially huge new revenue stream for the company. If 10% of Gmail users sign up for the new \$1.99-a-month Google One subscription, that would generate almost \$2.4 billion in annual recurring sales for the company.

Adams, the Gmail user, is one of the people contributing to this growing Google business. The monthly \$1.99 is a relatively small price to pay to avoid losing his main point of digital contact with the world.

“It’s worked this long,” Adams said. “I didn’t want to bother changing the address.”

De Vynck writes for Bloomberg.

QP commences supply of very low sulphur fuel oil at RLIC port



Qatar Petroleum (QP) has commenced the supply of Very Low Sulphur Fuel Oil (VLSFO) at Ras Laffan Industrial City (RLIC) Port. The VLSFO marine fuel offering has been initiated in advance of the International Maritime Organisation (IMO) 2020 regulation for a 0.50% global sulphur limit for marine fuels, which will come into effect from January 1, 2020. “We are proud to be one of the first countries to limit the availability of marine fuels to only grades that are compliant with the IMO’s 2020 regulation for a 0.50% global sulphur

limit,” said HE Saad bin Sherida al-Kaabi, Minister of State for Energy Affairs as well as QP president and chief executive. QP, in conjunction with Woqod, initiated bunkering services in Qatar in June 2017 with the importation of its maiden HFO cargo (RMG 380 CST 3.5% sulphur) in order to cater to the bunkering needs of both Qatargas’ LNG fleet and other vessels calling on Ras Laffan and the region. From June 2017 through August 2019, QP has successfully supplied over 1.5mn tonnes of marine fuel to RLIC Port, which allows the further servicing for marine fuel at both RLIC Port and other ports in Qatar. QP has invited all vessel owners and operators seeking IMO 2020 compliant VLSFO to avail the services available at RLIC Port and other ports in the state whenever their vessels are calling at or passing by any of Qatar’s ports. “We hope this (commencement of VLSFO) constitutes a major step towards protecting the regional and global environment in line with environmental objectives of the Qatar National Vision 2030,” al-Kaabi said.

Qatar to be a \$225bn economy by 2020



Qatar is expected to be a \$225bn economy by 2020, thus offering immense investment potential to foreign investors, as Doha eyes substantial inflow of foreign direct investment (FDI). The future of Qatar's economy, as well as the FDI potential, was highlighted by senior officials from the Qatar Financial Center (QFC), Qatar Free Zones Authority (QFZA) and the Investment Promotion Agency of Qatar (IPAQ) at a recent event in New York.

"Qatar has invested significantly in its economy, generating gross domestic product growth that is expected to hit an impressive \$225bn by 2020. This growth unlocked many investment opportunities in the country, and has already attracted the attention of foreign investors interested in establishing themselves in the Middle East," said IPAQ chief executive Sheikh Ali al-Waleed al-Thani. Saud bin Abdullah al-Attiyah, deputy undersecretary for Economic Affairs, Ministry of Finance, said Qatar remains one of the world's fastest-growing economies, with an abundance of investment opportunities across numerous sectors.

"This reflects the forward-thinking and progressive fiscal policies and legislative reforms introduced by Qatar that have already seen a positive impact, as noted by international

ratings agencies including Moody's and Standard and Poor's, all of which underlines the nation's attractiveness as an investment hub," he added. Highlighting that Qatar's regulatory, digital, entrepreneurial, and legislative frameworks offer a sustainable climate for global investors to prosper, Abdulla al-Misnad, deputy chief executive, QFZA, said the country's free zones are committed to foster economic growth by focusing on sectors where Qatar has a "strong value proposition".

"We aim to attract companies with willingness to play an active role in our vision towards a dynamic and diversified economy, and have the ability to penetrate large, fast-growing underserved global markets," he said. Sarah al-Dorani, chief marketing officer, QFCA showcased Qatar as the ideal location (for global companies) to expand in the region. The event saw a range of experts discuss the outlook for foreign investors in Qatar; some of Qatar's rapidly growing sectors including FDI in financial technology, as well as the upward investing trends seen in the past several years.

The event was hosted by Jason Kelly, New York Bureau Chief of Bloomberg and included a lineup of highly prominent speakers including ambassador Anne Patterson, President of the US-Qatar Business Council; Rachel Duan, president and chief executive of GE's Global Growth Organisation; and James Zhan, Director of Investment and Enterprise at the United Nations Conference on Trade and Development.

Nakilat posts 10.5% surge in

nine-month net profit to QR728mn



Nakilat reported a 10.5% year-on-year increase in net profit to QR728mn in the first nine months of this year.

The company's positive financial performance can be primarily attributed to better operational performance in managing its liquefied natural gas (LNG) and liquefied petroleum gas (LPG) vessels.

It also realised higher revenues on additional income from the acquisition of two additional LNG carriers and one floating storage regasification unit (FSRU) in 2018, as well as higher LPG shipping rates worldwide.

Nakilat has also successfully managed to reduce operational expenses through continuous rationalisation of activities, process enhancements, and cost optimisation initiatives to remain efficient, leading to a significant increase in the share price of the company during this period.

"Nakilat's strong financial performance bears testament to the company's ongoing emphasis and continuous improvements to remain competitive within the global energy transportation market, sustaining healthy cash flow and generating steady returns for our shareholders," said Nakilat chief executive Abdullah Fadhalah al-Sulaiti.

In the coming years, Nakilat expects to take on greater ship management responsibilities following the second phase of LNG

fleet management transition from Shell and management transition of FSRU, as well as the addition of four new build LNG carriers to its fleet.

Nakilat's superior operational excellence in energy transportation and maritime services not only supports Qatar's vision in developing the LNG market, but also contributes towards developing the country's shipping and maritime industry, al-Sulaiti said.

"With greater demand for clean energy globally, Nakilat is ambitious in expanding our international outreach and diversifying our portfolio to meet the growing energy transportation needs. Together, we will remain focused on achieving our strategic goals while prudently navigating challenges, propelling Nakilat forward as a global leader and provider of choice for energy transportation and maritime services," he added.

**QP joins global energy
resources transparency
initiative in Mideast first**



Qatar Petroleum (QP), the country's hydrocarbon major, has officially joined the Extractive Industries Transparency Initiative (EITI).

QP joined the EITI as a supporting entity, thus becoming the first national oil company in the Middle East to join this multi-stakeholder organisation that promotes open and accountable management of oil, gas and mineral resources.

"As our operating footprint expands beyond Qatar, it is important that we are known as an open and trustworthy organisation, one that is sought after as a partner of choice within the industry," said HE Saad bin Sherida al-Kaabi, Minister of State for Energy Affairs as well as QP president and chief executive.

Pledging a leadership role in advocating the EITI principles regionally and internationally, he said QP knows the benefits of conducting business in a professional and transparent manner.

"We are committed to ensuring that this practice is applied, wherever we operate. Together with the EITI, we will continue to proactively promote transparency throughout the petroleum

industry,” al- Kaabi said.

Based in Oslo, Norway, and established in 2002, the EITI is guided by the belief that a country’s natural resources belong to its citizens.

As a coalition of governments, companies, investors, civil society groups, financial institutions and partner organisations, the EITI works to build trust between governments, companies and civil society.

Corporate supporters of the EITI include mining firms, international oil companies and other major players in the oil and gas industry.

The initiative is focused on the disclosure of information along the extractive industry value chain—from the point of extraction, to how much revenues go to government treasuries, and to how the resources benefit the economy and society in general.

The EITI seeks to strengthen public and corporate governance, promote understanding of natural resource management, and provide the data to promote reforms for greater transparency and accountability within the global extractive sector.

How Germany Deflected Pressure to Spend and Even Won an Ally



Explore what's moving the global economy in the new season of the Stephanomics podcast. Subscribe via Pocket Cast or iTunes.

Germany backed further off a full-scale economic stimulus at a meeting of global finance chiefs, a remarkable outcome given relentless calls for action from Europe, the U.S. and international institutions.

Germany's success in deflecting the pressure suggests that Finance Minister Olaf Scholz, who came to Washington with a list of counter-arguments, got off lightly from his Group of 20 colleagues at the annual International Monetary Fund conference ending Sunday.

U.S. Treasury Secretary Steven Mnuchin, who publicly suggested Germany and China should enact growth-boosting policy measures, avoided singling out Europe's biggest economy behind closed doors, according to two people familiar with the private discussion who asked not to be identified.

Some other G-20 delegates repeated the IMF's general stance that governments with fiscal leeway should do more to strengthen the global economy. The Treasury didn't immediately respond to a request for comment.

“The chorus here in town is especially heavy on Germany to use its fiscal space,” said Robin Brooks, chief economist at the Institute of International Finance, a Washington-based trade group for the financial industry.

German officials had prepared a detailed line of defense: that Chancellor Angela Merkel’s government is already investing extensively, including an extra 54 billion euros (\$60 billion) in spending through 2032 to counter climate change.

‘Very Positive’

Those arguments appeared to win some converts. IMF Managing Director Kristalina Georgieva said governments that have room to spend more used the meetings in Washington to make their case.

“What was very positive to hear during the meetings is countries with fiscal space are actually taking measures to stimulate the economy,” Georgieva told reporters on Saturday. “Germany for example is putting forward a very sizable climate investment strategy that would bring significant growth and investment. They are also looking into what more could be done if necessary.”

With a partial U.S.-Chinese trade agreement in sight and a Brexit deal on the horizon, Scholz was emboldened in his defense of a decade of fiscal prudence in Germany. He expressed growing confidence in the government’s projection that Germany’s slowdown will be moderate and temporary.

“I think we did a lot,” he said in a Bloomberg Television interview. “The more important question is what will happen to the global economy.”

Don’t Rush It

A “rushed fiscal response” isn’t warranted as growth is expected to revive at the end of the year and success in

China-U.S. talks would deliver an “immediate boost” to the economy, Scholz told reporters.

For all the artful dodging, Scholz faced a broad front of finance ministers, central bankers and economists pointing at Germany to do more. On Thursday, the government in Berlin cut its 2020 growth forecast to 1% from the previous 1.5%. Data due next month may show the economy slipped into recession.

To shift the blame game on slow growth and inflation away from central banks, former European Central Bank official Lorenzo Bini Smaghi said governments, including Germany, have a role to play in stepping up borrowing and spending to support growth.

“If fiscal policy in Germany and other countries are not willing to do that job, it is too easy to blame the central bank,” he said on a panel.

Low or negative interest rates in many countries leave little room for monetary policy, South African Reserve Bank Governor Lesetja Kganyago said in an interview.

“Countries with fiscal space must utilize the fiscal space,” he said.