

# Euro bulls may need to look beyond central bank's guidance for support



Bloomberg/Athens

Mario Draghi may disappoint investors who are looking for the euro to go higher. Instead, he may do another balancing act at his press conference on Thursday when presenting new growth and inflation projections that could show the impact of trade wars on the euro-area recovery.

Soft German factory orders suggest escalating global trade tensions are beginning to be felt, and without any fresh economic catalyst, the euro may again struggle on a rally toward \$1.1750 resistance.

Option pricing suggests Draghi will keep forward guidance largely unchanged on September 13 and provide little, if any, reasoning for traders to add fresh upside exposure in the common currency. Slowing asset purchases that will eventually conclude this year is a notion already priced in as euro-dollar orbits the \$1.16 handle.

Economists forecast Draghi will increase the deposit rate by September next year, to minus 0.2% from minus 0.4%, earlier than current market pricing, according to a Bloomberg survey. The cost to hedge against price swings in the spot market remains close to its year-to-date average and way below the levels seen before previous ECB meetings. Expectations that the euro may see a large move stay near their recent lows, as shown by the so-called butterfly ratio, which shows the demand for options that gain from outsized moves. The euro's short squeeze since mid-August has resulted in a much more balanced positioning in the short to medium term. The currency's inability to rise above resistance formed by a series of summer highs at \$1.1740-\$1.1750 suggests investors aren't ready yet to chase the market higher and turn this relief rally to a fresh bullish trend. Draghi is unlikely to provide ammunition for such a move higher and the dollar may stay in mean reversion mode. That may see the euro drop below the 21-daily moving average, currently at \$1.1552, which served as strong support recently. Downside risks to economic growth and uncertainty still surrounding the Italian budget may keep the euro on a pattern that has seen it dropping on the day of the past seven ECB decisions.

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**قطر تهتم بسوق الطاقة الألماني**



برلين - وكالات:

كشف سعد بن شريدة الكعبي الرئيس التنفيذي والعضو المنتدب لقطر للبترول عن مفاوضات مع شركتي Uniper و RWE الألمانيتين من أجل بناء محطة للغاز المسال.. مؤكدا أن قطر تهتم كثيرا بالسوق الألمانية.

وقال في حوار مع صحيفة هاندلسبلات «Handelsblatt» الألمانية الاقتصادية اليومية: لدينا اهتمام جدي بالشراكة في مرفأ ألماني للغاز الطبيعي المسال، ونجري مباحثات مع يونيبر وآر.دبليو.إي.

وأشار إلى أن هناك طريقتين للمشاركة في مرفأ للغاز الطبيعي المسال، إما عن طريق تأمين سعة تخزينية لمزيد من الإمدادات، أو تملك حصة في البنية التحتية للمرفأ.

مضيفا بأنه سيتعين على بناء المرفأ التفكير بشأن الخيارات التي يريدونها ويتعين أن نقرر نحن أفضل ما يناسبنا.

هنا تفاصيل الحوار:

• تريد ألمانيا إنشاء محطة للغاز الطبيعي المسال قريبا في شمال ألمانيا، ماذا تقول في هذا الأمر؟

- ترتبط ألمانيا ارتباطا وثيقا بخطوط أنابيب الغاز وترتبط أيضا بمحطات الغاز الطبيعي المسال في بلجيكا وهولندا، بيد أن ألمانيا سوق ناشئة وتعد أكبر بلد صناعي في أوروبا، لذلك من السليم أن

يكون لديها محطة استيراد للغاز الطبيعي خاصة بها، لا سيما أن هذا يرفع من أمن التوريد، كما أن التنوع في قطاع الطاقة يعتبر مهما جدا لبلد مثل ألمانيا.

## السوق الألماني

• هل قطر مستعدة إذن للمشاركة في بناء محطة للغاز الطبيعي المسال على نهر الألب أو في بحر الشمال؟

- نحن نتحدث مع شركتي Uniper و rwe اللتين تخططان لبناء محطة كهذه في موقعين مختلفين شمال ألمانيا لأننا مهتمون جدا بالسوق الألمانية.

## خياران للتفاوض

• هل أنتم مهتمون بالحصول على حصة من ذلك؟

- هناك خياران: يمكن لنا التعاقد على جزء من سعة المحطة وبالتالي فتح خيارات التوريد، أو يمكن الاستثمار كأحد المساهمين في محطة كهذه.

• لكن هل سيتم توصيل الغاز القطري المسال إلى هناك أم أن هذه المحطة لم يتم بناؤها إلا لتخفيف ضغط الرئيس الأمريكي ترامب من خلال شراء الغاز المسال الأمريكي في ألمانيا؟

- نحن لا نرى أنفسنا كموردين قطريين للغاز الطبيعي المسال بل إننا نستثمر في شتى أنحاء العالم ونوسع قدراتنا عالميا في الولايات المتحدة وغيرها، إذن فالأمر يتعلق بتوريد الغاز المسال إلى بلد مهم مثل ألمانيا، ونحن نريد أن نصبح جزءا من حل مشكلة إمدادات الغاز لألمانيا وإذا كانت ألمانيا ترغب في الحصول على محطة خاصة بها فنحن جاهزون للتوريد من قطر وكقطر للغاز من دول أخرى أيضا.

## قطر للبترول

• هل تنمو «قطر للبترول» من خلال التوسع في الإنتاج في قطر أو من خلال البيع للخارج؟

- لقد أتقنا توطيدنا داخل قطر والآن نستثمر في إنتاج الغاز في قبرص، وبالإضافة إلى ذلك نحن نشيطون في جنوب إفريقيا والكونغو والبرازيل وفي الولايات المتحدة أيضا من خلال دخولنا إلى الأرجنتين، ونحن مشتركون في بناء محطتين للغاز المسال في أوروبا في إيطاليا

مع أكسون موبيل وفي ويلز مع توتال وإكسون موبيل.

## سعر النفط

• دعنا نتحدث عن سوق النفط، فعلى الرغم من أن قطر لديها أكبر حصة من إنتاج الغاز فإنها تنتج النفط أيضا، أين يذهب سعر النفط؟

- أي شخص بإمكانه أن يقول لي ذلك حقا أدعوه إلى لاس فيغاس.

• لكن سيكون لديك توقعاتك وحساباتك؟

- بالطبع ولكن الشيء المهم هو إن يكون لديك أفضل تكاليف الإنتاج حتى بالمقارنة مع المنافسة وإذا استطعت فعل ذلك يمكنني البقاء على قيد الحياة في أي سعر للنفط، ونحن فخورون أننا استطعنا مبكرا جدا أن نكون في أسفل منحنى التكلفة، كما أن كل المشاريع التي نتبعها يتم حسابها بعناية بحيث يمكن العمل في أسعار النفط المخفضة، فقط إذ تم ضمان ذلك اتبع هذه الاستثمارات.

## دمج شركتي الغاز

• في بداية السنة قمتم بدمج شركتي قطر غاز وراس غاز وهما شركتان للغاز كانتا تحت سيطرة قطر للبترول ولكن يديرهما شركاء آخرون في مشاريع مشتركة، ماذا ستفعلون في المستقبل؟

- قبل كل شيء كان الأمر يتعلق بجعل الشركة أكثر كفاءة وأكثر أمنا وموثوقية و برفع الربح في النهاية، لقد كان هناك انخفاض كبير في سعر النفط والغاز ولحسن الحظ أننا قد بدأنا بالفعل برنامج إعادة الهيكلة والشيء المهم هو أن تكون فعالة من حيث التكلفة من أجل البقاء في أي سوق.

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# 'Can electric vehicles really

# threaten future energy demand?'



The subject of peak oil and gas demand has recently risen to prominence. From concerns over 'peak supply' in the early 2000s, there is now debate over whether the demand for oil and gas is set to decline and, if so, when and how quickly. In its latest research report, the Abdullah bin Hamad Al-Attiyah International Foundation for Energy and Sustainable Development looked at a number of major forecasts that assumed there will be a slowing of demand growth, and a shift away from coal and oil towards gas and renewables, driven by demographic change, economic maturity, and environmental concerns.

Most forecasts generally show rising but slowing oil demand up to 2050, but there are credible scenarios with a peak in the mid-2030s, driven particularly by electric vehicles (EV). Currently, passenger vehicles make up the single largest category of oil use, with road freight second. The IEA's

forecasts show that this remains true to up to 2040, in their New Policies scenario, but that the focus of growth shifts.

The decline in energy demand could be driven by the adoption of electric vehicles, improvements in efficiency, and the substitution of gas by renewable energy. Underlying these trends is the connection between technological advances and a policy push from governments to reduce oil use, primarily because of concerns over climate change. If energy consumption was to peak, it would have major investment consequences for oil and gas producing countries and require urgent efforts at diversification. In the report, the Al-Attiyah Foundation analysed a number of leading energy organisations' forecasts for future oil and gas demand including oil companies: BP, ExxonMobil and Statoil; governmental agencies: International Energy Agency, Energy Information Administration (US), and Opec; environmental NGOs (Greenpeace); and consultancies and think-tanks: Wood Mackenzie and RethinX.

All major forecasts show energy demand growth slowing down over time, as economies mature and become more oriented to services, population growth slows, and efficiency improves. However, none apart from Greenpeace and Statoil's 'Renewal' case has an actual fall in primary energy demand by 2050. The main forecasts suggest about a 40% increase in primary energy demand by 2050, or around 1% per year from now on.

In contrast, primary energy demand grew 2.2% per year on average during 2000- 2016, despite the global financial crisis. No forecast identified shows the opposite is possible, but demonstrated a continuation or even acceleration of energy demand growth, which might come from new technologies, namely: robotics, hypersonic flight, space travel, etc. Nevertheless, within a general trend of increasing energy demand, the distribution between the three fossil fuels and renewables can vary greatly depending on the scenario with nuclear energy's share remaining at a fairly low and flat level in most scenarios researched. Except in very aggressive

scenarios of environmental policy, oil demand is predicted to peak in the mid-2030s at the earliest, or more likely the 2040s or beyond.

Petrochemicals, aviation and shipping, and road freight will support demand, while use in power and industry falls. The key uncertainty is the speed and size of the deployment of electric vehicles (EVs). The share of EVs today is so small that predictions are very difficult. It should become clearer in the early 2020s; EVs will anyway take a significant time to penetrate the existing vehicle fleet. In summary, major oil producers and companies must watch carefully the competitiveness and deployment of non-oil technologies, including EVs but also battery trucks, LNG shipping and non-oil petrochemical feedstocks. Gas demand is more confidently predicted to continue rising, but it faces competition from cheap coal and cleaner renewables.

Thus, it remains essential for major gas producers to continue improving the environmental performance of their fuel, and develop new markets. Read the full article on the Al-Attiyah Foundation website [https://www.abha-foundation.org/energy\\_html](https://www.abha-foundation.org/energy_html). In support of their members and stakeholders, the Al-Attiyah Foundation gathers up-to-the-minute data and forecasts, which are particularly relevant in the ever-changing energy landscape. The article released by the Al-Attiyah Foundation is as an extract from its recent research paper.

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## **Qatar's gas reserves require**



# expansion effort: Al-Sada



HE Minister of Energy and Industry Dr Mohammed bin Saleh al-Sada affirmed that Qatar's large gas reserves require an expansion effort, adding this is why Qatar has decided to increase this sector's growth by 30%. Al-Sada pointed out that this requires efforts in the field of finance and the provision of equipment and construction, considering that an opportunity and a suitable ground for German companies to invest in Qatar.

This came in his speech at the third session of the Qatar Germany Business and Investment Forum (QGBIF) in Berlin, which was held under the title "Industrial development: Key to Doha and Berlin to diversify sources of income."

Al-Sada said: "We invest gas reserves to diversify sources of income, which is in line with the objectives of Qatar National Vision 2030. One of these sources is industry that we use to diversify our sources of income that open up investment-stimulating areas, coupled with what Qatar has taken in this regard to stimulate the private sector to achieve investment growth." He stressed that diversifying sources of income is not an objective as much as it is a way for Qatar to

strengthen the economy.

Al-Sada pointed out that the growth in the gas sector is based on a vision that recognises that gas is a strategic resource on which there is an increase in demand, coupled with an expectation of global demand for gas. The world is expected to achieve 10% growth this year, he said, predicting that the reduction in the price of Qatari gas would meet the global demand by 2030.

He added that the Gulf crisis was a blessing that was exploited well and handled wisely. "Now, after a year had passed since the crisis began, we have implemented our plans extensively to expand our business. There is a turnout of over 500%, which is a good number, and I emphasise here that knowledge-based investment is what we should focus on along with meeting market demands."

He said that in the State of Qatar there are free zones for investment and there are areas subject to government control. In the free zones, there is a 10-year tax exemption on profit, in addition to the tax exemption on exports and imports, in addition to many incentives and facilities and ideas that we apply to attract capital and investors.

With regard to the importance of joint co-operation between Qatar and Germany, CEO and Managing Director of Qatar Petroleum Saad Sherida al-Kaabi said: "We need new technologies and Germany is a leader in the construction industry, and we aim to enhance this aspect and raise efficiency in line with QNV 2030." Al-Kaabi said that there are many new ideas in the private sector, especially in the industrial sector, and many plans and projects presented in cooperation with the financial partners, stressing the need to strengthen relations in this area.

With regard to the development witnessed by the State of Qatar in the production of gas and opportunities for German companies to establish partnerships that contribute to this development, he said the partnership between Qatar and Germany is already exist. "We rely a lot on German technology in the petrochemical sector and in various energy facilities that

require advanced technology,” he said, adding there are many opportunities in this direction.

He further noted that there were opportunities for SMEs. “We need more companies that provide services in the oil and gas sectors, both in logistics and suppliers. There are many good companies that can establish a partnership in Qatar to serve the petrochemical sector, or other areas, which free zones constitute an ideal platform to launch them,” he said.

For German companies outside Qatar, Al-Kaabi confirmed that a horizon for co-operation with them could be opened in the country’s foreign projects such as the gas receiving station in Germany. So there are many business opportunities with the German side, he said.

“At the global level, we are developing our partnership continuously and we have investments in Cyprus, Mexico, Brazil, Argentina and the United States. In Europe, we have a receiving station in Italy and the UK and we supply almost all of Europe with liquefied gas,” he said.

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**I Am Part of the Resistance  
Inside the Trump  
Administration**



I work for the president but like-minded colleagues and I have vowed to thwart parts of his agenda and his worst inclinations.

The Times is taking the rare step of publishing an anonymous Op-Ed essay. We have done so at the request of the author, a senior official in the Trump administration whose identity is known to us and whose job would be jeopardized by its disclosure. We believe publishing this essay anonymously is the only way to deliver an important perspective to our readers. We invite you to submit a question about the essay or our vetting process [here](#).

President Trump is facing a test to his presidency unlike any faced by a modern American leader.

It's not just that the special counsel looms large. Or that the country is bitterly divided over Mr. Trump's leadership. Or even that his party might well lose the House to an opposition hellbent on his downfall.

The dilemma – which he does not fully grasp – is that many of the senior officials in his own administration are working diligently from within to frustrate parts of his agenda and

his worst inclinations.

I would know. I am one of them.

To be clear, ours is not the popular “resistance” of the left. We want the administration to succeed and think that many of its policies have already made America safer and more prosperous.

But we believe our first duty is to this country, and the president continues to act in a manner that is detrimental to the health of our republic.

That is why many Trump appointees have vowed to do what we can to preserve our democratic institutions while thwarting Mr. Trump’s more misguided impulses until he is out of office.

The root of the problem is the president’s amorality. Anyone who works with him knows he is not moored to any discernible first principles that guide his decision making.

Although he was elected as a Republican, the president shows little affinity for ideals long espoused by conservatives: free minds, free markets and free people. At best, he has invoked these ideals in scripted settings. At worst, he has attacked them outright.

In addition to his mass-marketing of the notion that the press is the “enemy of the people,” President Trump’s impulses are generally anti-trade and anti-democratic.

Don’t get me wrong. There are bright spots that the near- ceaseless negative coverage of the administration fails to capture: effective deregulation, historic tax reform, a more robust military and more.

But these successes have come despite – not because of – the president’s leadership style, which is impetuous, adversarial, petty and ineffective.

From the White House to executive branch departments and agencies, senior officials will privately admit their daily disbelief at the commander in chief's comments and actions. Most are working to insulate their operations from his whims.

Meetings with him veer off topic and off the rails, he engages in repetitive rants, and his impulsiveness results in half-baked, ill-informed and occasionally reckless decisions that have to be walked back.

"There is literally no telling whether he might change his mind from one minute to the next," a top official complained to me recently, exasperated by an Oval Office meeting at which the president flip-flopped on a major policy decision he'd made only a week earlier.

The erratic behavior would be more concerning if it weren't for unsung heroes in and around the White House. Some of his aides have been cast as villains by the media. But in private, they have gone to great lengths to keep bad decisions contained to the West Wing, though they are clearly not always successful.

It may be cold comfort in this chaotic era, but Americans should know that there are adults in the room. We fully recognize what is happening. And we are trying to do what's right even when Donald Trump won't.

The result is a two-track presidency.

Take foreign policy: In public and in private, President Trump shows a preference for autocrats and dictators, such as President Vladimir Putin of Russia and North Korea's leader, Kim Jong-un, and displays little genuine appreciation for the ties that bind us to allied, like-minded nations.

Astute observers have noted, though, that the rest of the administration is operating on another track, one where countries like Russia are called out for meddling and punished

accordingly, and where allies around the world are engaged as peers rather than ridiculed as rivals.

On Russia, for instance, the president was reluctant to expel so many of Mr. Putin's spies as punishment for the poisoning of a former Russian spy in Britain. He complained for weeks about senior staff members letting him get boxed into further confrontation with Russia, and he expressed frustration that the United States continued to impose sanctions on the country for its malign behavior. But his national security team knew better – such actions had to be taken, to hold Moscow accountable.

This isn't the work of the so-called deep state. It's the work of the steady state.

Given the instability many witnessed, there were early whispers within the cabinet of invoking the 25th Amendment, which would start a complex process for removing the president. But no one wanted to precipitate a constitutional crisis. So we will do what we can to steer the administration in the right direction until – one way or another – it's over.

The bigger concern is not what Mr. Trump has done to the presidency but rather what we as a nation have allowed him to do to us. We have sunk low with him and allowed our discourse to be stripped of civility.

Senator John McCain put it best in his farewell letter. All Americans should heed his words and break free of the tribalism trap, with the high aim of uniting through our shared values and love of this great nation.

We may no longer have Senator McCain. But we will always have his example – a lodestar for restoring honor to public life and our national dialogue. Mr. Trump may fear such honorable men, but we should revere them.

There is a quiet resistance within the administration of

people choosing to put country first. But the real difference will be made by everyday citizens rising above politics, reaching across the aisle and resolving to shed the labels in favor of a single one: Americans.

The writer is a senior official in the Trump administration.

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## **Le Yémen, cimetière des ambitions régionales saoudiennes et émiraties?**



**Comme pendant le Vietnam, le plus**



# **grand n'est pas en passe de gagner loin s'en faut. Le Yémen pourrait être le cimetière des ambitions de MBS et de celui de MBZ.**

La guerre au Yémen, qui pour l'Arabie Saoudite et les Emirats-Arabes-Unis semble être avant tout une histoire de politique interne quatre ans après son début, n'en finit pas... de ne pas finir. Les Printemps arabes se sont éteints les uns après les autres mais des chantiers à ciel ouvert restent sous le feu de la géopolitique mondiale et des conflits d'intérêts locaux: le sud de la péninsule arabique en fait partie.

Qualifiée souvent de "pire crise humanitaire de la planète", la guerre menée au sommet par Mohamed Ben Salmane, prince héritier du royaume d'Arabie Saoudite, et également sur le terrain par Abu Dhabi, a déjà fait près de 10.000 morts. Choléra et diphtérie ravagent le pays. Près de 2 millions de déplacés ont tout perdu dans le pays selon l'ONU. Un enfant y meurt toutes les dix minutes. Aujourd'hui, la volonté de MBS et de Mohamed Ben Zayd (MBZ) d'en finir avec les "rebelles" houthis soutenus par l'Iran et en partie aux manettes de la capitale Sanaa est claire. Il n'y a pas d'alternative ni de négociation possible entre les deux parties. Le choix de fierté de vouloir en finir définitivement avec la rébellion au prix du plus grand nombre de morts, et par tous les moyens est ancré dans le code génétique des deux dirigeants, comme le souhait de maintenir leur zone d'influence de façon autoritaire et ne rien céder à Téhéran. Les deux frères ennemis de la région sont en train de provoquer un cataclysme régional et humain qui aura de lourdes conséquences pour les prochaines décennies.

Depuis les révolutions arabes, quelque uns ont bénéficié du droit international alors que beaucoup subissent son

inapplication pratique. L'Arabie Saoudite parce que premier allié de l'Occident, pays stratégique et plus grand pays à les mains libres et a été propulsé chef de la coalition anti-terroriste dans la région. Cela valait pour Daech comme pour les Houthis. Quitte à provoquer l'effondrement du Conseil de Coopération des pays du Golfe qui était un puissant outil politique en isolant le Qatar et en l'accusant d'être lui le foyer du terrorisme régional. Combien de morts auraient provoqué le Qatar? La cabale médiatique orchestrée contre Doha a largement désormais joué en faveur de la vérité: Arabie Saoudite et Emirats-Arabes-Unis se retrouvent les arroseurs arrosés.

Ils sont désormais prêts à détruire un pays en bombardant des civils, bombardements multiples à l'aveugle déjà largement condamnés par la communauté internationale. Mais aussi à torturer comme les accusations régulières contre les Emirats le montrent dans la presse. Chaque jour qui s'ajoute dans cette guerre, ne change rien au soutien indéfectible du seul allié délocalisé qui veille pour l'Arabie Saoudite dans sa politique autoritaire et suicidaire: celui des Etats-Unis. Donald Trump est bien là et l'oncle Sam continue à apporter son soutien au pivot stratégique que représente Ryad, le seul à même selon lui de contrebalancer les effets de l'expansion iranienne dans la région. L'Arabie Saoudite, prête à tout? Oui puisque les révélations depuis plusieurs semaines s'enchaînent et montrent comment le royaume saoudien pas rancunier et son allié émirati ont été jusqu'à payer des djihadistes... d'Al Qaïda pour en finir avec les Houthis. Cela tombe bien: Al Qaïda comme Daech d'ailleurs n'ont jamais caché que le fondement idéologique de leur action remontait aux sources du salafisme et du wahabisme saoudien, idéologie mondialement diffusée comme une traînée de poudre depuis les années 1980 du désert jusqu'aux banlieues européennes pour soi-disant contrer la révolution chiite.

Quoi qu'il en soit, au nom de l'intérêt supérieur, l'action du

chef de file de la coalition contre Daech se met désormais à user des mêmes méthodes de terrorisme d'État que les Américains qui financèrent tous ceux qui pouvaient en finir avec le communisme en Afghanistan par exemple en 1979 également: cela veut donc dire islamistes et djihadistes compris. C'est ainsi que naquirent et se répandirent les idéologies djihadistes violentes les plus violentes de l'histoire qui nous menacent encore dans le monde aujourd'hui. Bien sûr de telles alliances contre-nature sont sujettes à toutes les tensions depuis le début. Mais même si elles sont à géométrie variable et que les USA sont au courant depuis le début de ces liaisons dangereuses entre les Saoudiens, les Emiratis et Al Qaïda, ils ont préféré tout miser pour espérer l'anéantissement du mouvement houthi soutenu par l'ennemi absolu, l'ennemi perse. Comme pendant le Vietnam, le plus grand n'est pas en passe de gagner loin s'en faut. Le Yémen pourrait être le cimetière des ambitions de MBS et de celui de MBZ, tant l'impuissance de ce puissant pays qu'est l'Arabie Saoudite à venir à bout de ce petit mouvement de rébellion tel qu'on nous l'a présenté, risque bien de faire perdre la face aux Saoudiens. Mais pas seulement: l'Arabie Saoudite, qui est en grand danger économique, a lancé à grands renforts de communication sa "Vision 2030", vaste programme censé apporter modernisation et diversification à l'économie et libération des mœurs. Or, depuis l'enchaînement des échecs pour MBS (Affaire du Ritz, Qatar et Yémen), le pays se referme de nouveau et le pouvoir autoritaire et impulsif du prince héritier risquerait bien de jouer contre le pays tout entier. 2030 c'est encore très loin. Et derrière, c'est toute l'incompréhension croissante de l'Amérique de la région qui couve et menace.

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**Secular stagnation an excuse**

# for flawed economic policies



By Joseph E. Stiglitz New York

In the aftermath of the 2008 financial crisis, some economists argued that the United States, and perhaps the global economy, was suffering from “secular stagnation,” an idea first conceived in the aftermath of the Great Depression.

Economies had always recovered from downturns. But the Great Depression had lasted an unprecedented length of time. Many believed that the economy recovered only because of government spending on World War II, and many feared that with the end of the war, the economy would return to its doldrums.

Something, it was believed, had happened, such that even with low or zero interest rates, the economy would languish. For reasons now well understood, these dire predictions fortunately turned out to be wrong.

Those responsible for managing the 2008 recovery (the same individuals bearing culpability for the under-regulation of the economy in its pre-crisis days, to whom president Barack Obama inexplicably turned to fix what they had helped break) found the idea of secular stagnation attractive, because it explained their failures to achieve a quick, robust recovery. So, as the economy languished, the idea was revived: Don't blame us, its promoters implied, we're doing what we can.

The events of the past year have put the lie to this idea,

which never seemed very plausible. The sudden increase in the US deficit, from around 3% to almost 6% of GDP, owing to a poorly designed regressive tax bill and a bipartisan expenditure increase, has boosted growth to around 4% and brought unemployment down to a 18-year low. These measures may be ill-conceived, but they show that with enough fiscal support, full employment can be attained, even as interest rates rise well above zero.

The Obama administration made a crucial mistake in 2009 in not pursuing a larger, longer, better-structured, and more flexible fiscal stimulus. Had it done so, the economy's rebound would have been stronger, and there would have been no talk of secular stagnation. As it was, only those in the top 1% saw their incomes grow during the first three years of the so-called recovery.

Some of us warned at the time that the downturn was likely to be deep and long, and that what was needed was stronger and different from what Obama proposed. I suspect that the main obstacle was the belief that the economy had just experienced a little "bump," from which it would quickly recover. Put the banks in the hospital, give them loving care (in other words, hold none of the bankers accountable or even scold them, but rather boost their morale by inviting them to consult on the way forward), and, most important, shower them with money, and soon all would be well.

But the economy's travails were deeper than this diagnosis suggested. The fallout from the financial crisis was more severe, and massive redistribution of income and wealth toward the top had weakened aggregate demand. The economy was experiencing a transition from manufacturing to services, and market economies don't manage such transitions well on their own.

What was needed was more than a massive bank bailout. The US needed a fundamental reform of its financial system. The 2010 Dodd-Frank legislation went some way, though not far enough, in preventing banks from doing harm to the rest of us; but it did little to ensure that the banks actually do what they are supposed to do, focusing more, for example, on lending to small and medium-size enterprises.

More government spending was necessary, but so, too, were more active redistribution and pre-distribution programmes –

addressing the weakening of workers' bargaining power, the agglomeration of market power by large corporations, and corporate and financial abuses. Likewise, active labour-market and industrial policies might have helped those areas suffering from the consequences of deindustrialisation.

Instead, policymakers failed to do enough even to prevent poor households from losing their homes. The political consequences of these economic failures were predictable and predicted: it was clear that there was a risk that those who were so badly treated would turn to a demagogue.

A fiscal stimulus as large as that of December 2017 and January 2018 (and which the economy didn't really need at the time) would have been all the more powerful a decade earlier when unemployment was so high. The weak recovery was thus not the result of "secular stagnation"; the problem was inadequate government policies.

Here, a central question arises: Will growth rates in coming years be as strong as they were in the past? That, of course, depends on the pace of technological change. Investments in research and development, especially in basic research, are an important determinant, though with long lags; cutbacks proposed by the Trump administration do not bode well.

But even then, there is a lot of uncertainty. Growth rates per capita have varied greatly over the past 50 years, from between 2 and 3% a year in the decade(s) after World War II to 0.7% in the last decade. But perhaps there's been too much growth fetishism – especially when we think of the environmental costs, and even more so if that growth fails to bring much benefit to the vast majority of citizens.

There are many lessons to be learned as we reflect on the 2008 crisis, but the most important is that the challenge was – and remains – political, not economic: there is nothing that inherently prevents our economy from being run in a way that ensures full employment and shared prosperity. Secular stagnation was just an excuse for flawed economic policies. Unless and until the selfishness and myopia that define our politics – especially in the US – is overcome, an economy that serves the many, rather than the few, will remain an impossible dream. Even if GDP increases, the incomes of the majority of citizens will stagnate. – Project Syndicate

*\*Joseph E. Stiglitz is the winner of the 2001 Nobel Memorial*

*Prize in Economic Sciences. His most recent book is Globalization and its Discontents Revisited: Anti-Globalization in the Era of Trump.*

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## **Oil Seen Getting \$4 a Barrel Boost on Tough New Ship-Fuel Rules**



New regulations to curb pollution from the world's shipping fleet could lift crude prices by \$4 a barrel when the measures come into effect in 2020, according to a Bloomberg survey of 13 oil industry analysts.

That's because the changes from the International Maritime Organization, a United Nations agency, are likely to stoke refiners' demand for lower-sulfur crude while prompting some plants to run as hard as possible to maximize profits.

“It will be a Wild West leading up to the implementation phase,” said Michael Poulsen, an analyst at A/S Global Risk Management Ltd. in Denmark. “The market anticipates that we will see a lot of weird movements and funny pricing around the end of 2019.”

In just 16 months, the IMO’s rules to cap the sulfur content of ship fuel are set to create a once-in-a-generation upheaval in the oil market, as the regulator seeks to limit emissions of a pollutant that has been linked to asthma and acid rain. The global shipping fleet is reliant on refiners to supply IMO-compliant fuels, and it’s not clear there will be enough to go around. Prices for low-sulfur products are already climbing, while those for high-sulfur grades are collapsing.

A similar effect is expected in the crude markets. Banks including Societe Generale SA and Morgan Stanley have said the regulations will likely lift crude benchmarks Brent and West Texas Intermediate, which have a relatively low sulfur content. Brent’s premium to higher-sulfur Dubai crude, the Middle East benchmark, has already swelled to more than \$4 a barrel in 2020.

## **\$128 Billion**

Bloomberg asked analysts to estimate the likely price effects of the regulatory change. Crude prices are forecast to rise by \$4 a barrel in 2020 due to the IMO rules specifically, according to the median estimate of 13 responses that ranged from a \$2 drop to a \$20 increase per barrel.

“Of our \$90 a barrel Brent price forecast by early 2020, we’d argue that \$5-\$10 a barrel will come from IMO 2020,” said Morgan Stanley analyst Martijn Rats. The shift in demand to less-polluting oil products will mean that “without investing in more upgrading units, refiners will simply need to process more crude,” he said.

By 2020, global crude oil demand is set to rise by 2 percent to 87.7 million barrels a day, according to a forecast from



the Paris-based International Energy Agency in March. If crude prices surge by \$4 a barrel due to the IMO rules, that would amount to an increase of about \$128 billion in the world's oil bill by 2020, Bloomberg calculations show. Brent crude, the global benchmark, is now trading near \$77.50 a barrel.

## Ship Scrubbers

While the majority of those surveyed agreed the rules will probably have a bullish effect on crude, some were more reticent. That's because ships have the option of installing so-called scrubbers allowing them to keep burning high-sulfur fuels while limiting emissions of the pollutant.

"More and more ships will install scrubbers and therefore reduce the demand for extra barrels," said HSH Nordbank AG analyst Jan Edelmann, who saw no impact on crude prices from the regulations. "We believe that there is sufficient light-sweet crude available from shale to meet extra demand from IMO 2020."

Companies that make scrubbers, including Wartsila Oyj and Alfa Laval AB, reported bumper orders in their most recent earnings. However, the vast majority of the world's commercial fleet – some 93,000 vessels – will not have installed scrubbers, which can cost millions of dollars, by 2020.

Also see: [Maersk Sees Fuel Bill Soaring by \\$2 Billion From 2020 Rules](#)

The IMO's regulations are likely to ripple through industries that purchase fuel, such as airlines and power producers. Because of this broad reach, some analysts contacted by Bloomberg said they couldn't yet forecast crude prices for 2020 or the effect of the IMO rule change specifically.

The brunt of the regulatory shift is likely to be felt in refined-product markets, as shippers abandon high-sulfur fuel oil in favor of cleaner alternatives, like gasoil or diesel-

like fuel that can be blended into IMO-compliant ship propellant. Benchmark gasoil prices in Europe are set to rise by about \$17 a barrel by 2020, according to the median estimate from nine analysts who provided figures on the fuel.

The strength in oil product prices may help to lift crude, too. Nine of 13 respondents said the IMO regulations will be positive for refining margins. Rising profits would encourage refineries to boost crude purchases, potentially lifting the feedstock's price.

"We believe the extraordinary strength in distillate cracks will cause refiners to run as hard as they can," Societe Generale SA analysts including Mark Keenan wrote in a report earlier this month. "This very strong crude demand will add \$5 to sweet crude prices."

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**OPEC, non-OPEC seek to formalize oil policy coordination: draft charter**



DUBAI (Reuters) – OPEC and non-OPEC oil producers will aim to formalize their long-term cooperation later this year by approving a charter that will make possible further joint action on output, according to a draft charter seen by Reuters.

Russia and several other non-OPEC countries have joined OPEC producers in reducing oil output since 2017 in a move that has helped raise oil prices to \$80 per barrel from less than \$30.

Moscow and Riyadh have said they want to maintain a close level of cooperation even after the oil market stabilizes and the current output reduction deal expires.

The draft charter, to be discussed by OPEC and non-OPEC minister later this year, said its fundamental objective is to coordinate policies aimed at stabilizing oil markets in the interest of producers, consumers, investors and the global economy.

The charter also aims to promote better understanding of oil

market fundamentals among participants as well as to promote oil and gas in the global energy mix for the long term.

It said ministers of participating countries shall meet once a year while experts should meet twice a year. The ministers shall propose actions including possible summits by heads of state.

The charter's secretariat will be hosted by the OPEC secretariat in Vienna but will be independent.

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## Saudi bulls retreat as Aramco letdown adds to policy shocks



Bloomberg/Dubai

The Arab world's biggest bourse is losing its appeal to foreigners just two months after it won inclusion in MSCI Inc's emerging-market index.

That's because the initial euphoria surrounding Crown Prince Mohammed bin Salman's efforts to overhaul the nation's economy has given way to scepticism as the kingdom put on hold the initial public offering of oil giant Aramco.

A dispute over Canada's criticism of the jailing of Saudi rights activists has also heightened concerns over the prince's increasingly assertive policy and the impact it would have on capital flows.

Overseas money managers turned net sellers of Saudi stocks in six of the past eight weeks after MSCI said it will include the country in its emerging-market equity indexes starting June 2019.

Global factors, including the roll-back of crisis-era stimulus and a global trade skirmish, have also dented demand for riskier assets.

The selling in Saudi stocks by foreign investors has become more widespread, reflecting concerns "about stalling or even reversed reforms," said Marshall Stocker, a Boston-based portfolio manager at Eaton Vance Corp whose fund isn't invested in the kingdom. "Until we see a commitment to firmly adopting policies which lead to an increase in economic freedom, we doubt the Saudi Arabian equity market will outperform."

Overseas investors pulled a net 660.6mn riyals (\$176mn) from Saudi equities in the eight weeks ended August 16.

In contrast, they had poured \$153mn in the eight weeks leading up to MSCI's announcement.

The oil-rich kingdom's key stock index has dropped 5.8% from a peak in July, curbing its advance this year to 11%.

While its 2018 gain is considerable compared to the almost 8% drop in emerging-market stocks, the gauge is lagging measures in neighbouring Qatar and Abu Dhabi.

Saudi Arabia had gone to great lengths in recent months to suggest that change may now be in the air, giving women the right to drive and reopening cinemas. But in recent months, women's-rights activists have been imprisoned and prosecutors are currently seeking to behead Israa al-Ghomgham, who

participated in anti-government protests in the eastern part of the country. Then there's the kingdom's clash with Canada. Saudi Arabia froze diplomatic ties and new business deals with the North American nation this month for criticising its treatment of women activists. The decision to shelve Aramco's IPO – billed as potentially the world's biggest – in part reflects the kingdom's much stronger fiscal position, given the government's spending reform and rise in