How Inequality Undermines Economic Performance

rance’s Yellow Vest protests are rooted in frustration with the government’s indifference to the plight of struggling households outside France’s urban centers. With job and income polarization having increased across all developed economies in recent decades, developments in France should serve as a wake-up call to others.

MILAN – About a decade ago, the Commission on Growth and Development (which I chaired) published a report that attempted to distill 20 years of research and experience in a wide range of countries into lessons for developing economies. Perhaps the most important lesson was that growth patterns that lack inclusiveness and fuel inequality generally fail.

The reason for this failure is not strictly economic. Those who are adversely affected by the means of development, together with those who lack sufficient opportunities to reap its benefits, become increasingly frustrated. This fuels social polarization, which can lead to political instability, gridlock, or short-sighted decision-making, with serious long-term consequences for economic performance.

There is no reason to believe that inclusiveness affects the sustainability of growth patterns only in developing countries, though the specific dynamics depend on a number of factors. For example, rising inequality is less likely to be politically and socially disruptive in a high-growth environment (think a 5-7% annual rate) than in a low- or no-growth environment, where the incomes and opportunities of a subset of the population are either stagnant or declining.

The latter dynamic is now playing out in France, with the "Yellow Vest" protests of the last month. The immediate cause of the protests was a new fuel tax. The added cost was not all that large (about $0.30 per gallon), but fuel prices in France were already among the highest in Europe (roughly $7 per gallon, including existing taxes).

Although such a tax might advance environmental objectives by bringing about a reduction in emissions, it raises international competitiveness issues. Moreover, as proposed, the tax (which has now been rescinded) was neither revenue-neutral nor intended to fund expenditures aimed at helping France's struggling households, especially in rural areas and smaller cities.

In reality, the eruption of the Yellow Vest protests was less about the fuel tax than what its introduction represented: the government's indifference to the plight of the middle class outside France's largest urban centers. With job and income polarization having increased across all developed economies in recent decades, the unrest in France should serve as a wake-up call to others.

y most accounts, the adverse distributional features of growth patterns in developed economies began about 40 years ago, when labor's share of national income began to decline. Later, developed economies' labor-intensive manufacturing sectors began to face increased pressure from an increasingly competitive China and, more recently, automation.

For a time, growth and employment held up, obscuring the underlying job and income polarization. But when the 2008 global financial crisis erupted, growth collapsed, unemployment spiked, and banks that had been allowed to become too large to fail had to be bailed out to prevent a broader economic meltdown. This exposed far-reaching economic insecurity, while undermining trust and confidence in establishment leaders and institutions.

To be sure, France, like a number of other European countries, has its share of impediments to growth and employment, such as those rooted in the structure and regulation of labor markets. But any effort to address these issues must be coupled with measures that mitigate and eventually reverse the job and income polarization that has been fueling popular discontent and political instability.

So far, however, Europe has failed abysmally on this front – and paid a high price. In many countries, nationalist and anti-establishment political forces have gained ground. In the United Kingdom, widespread frustration with the *status quo* fueled the vote in 2016 to leave the EU, and similar sentiment is now undermining the French and German governments. In Italy, it contributed to the victory of a populist coalition government. At this point, it is difficult to discern viable solutions for deepening European integration, let alone the political leadership needed to implement them.

The situation is not much better in the United States. As in Europe, the gap between those in the middle and at the top of the income and wealth distribution – and between those in major cities and the rest – is growing rapidly. This contributed to voters' rejection of establishment politicians, enabling the victory in 2016 of US President Donald Trump, who has since placed voter frustration in the service of enacting policies that may only exacerbate inequality.

In the longer term, persistent non-inclusive growth patterns can produce policy paralysis or swings from one relatively extreme policy agenda to another. Latin America, for example, has considerable experience with populist governments that pursue fiscally unsustainable agendas that favor distributional components over growth-enhancing investments. It also has considerable experience with subsequent abrupt shifts to extreme market-driven models that ignore the complementary roles that government and the private sector must play to sustain strong growth.

Greater political polarization has also resulted in an increasingly confrontational approach in international relations. This will hurt global growth by undermining the world's ability to modify the rules governing trade, investment, and the movement of people and information. It will also hamper the world's ability to address longer-term challenges like climate change and labor-market reform.

But to go back to the beginning, the main lessons from experience in developing and now developed economies are that sustainability in the broad sense and inclusiveness are inextricably linked. Moreover, large-scale failures of inclusion derail reforms and investments that sustain longer-term growth. And economic and social progress should be pursued effectively – not with a simple list of policies and reforms, but with a strategy and an agenda that involves careful sequencing and pacing of reforms and devotes more than passing attention to the distributional consequences.

The hard part of constructing inclusive growth strategies is not knowing where you want to end up so much as figuring out how to get there. And it *is*hard, which is why leadership and policymaking skill play a crucial role.

The answer to plastic pollution

With China refusing foreign waste under its new policy, countries are forced to handle their own plastic pollution. As holiday shopping ramps up, so do the dizzying varieties of plastic packaging tossed in recycling bins. And while we wish a miracle would transform this old garbage into something new, the reality is the waste left over from the holiday shopping frenzy is more likely than ever to end up in a landfill or incinerator. Until January of this year, the United States and other Western countries were foisting their low-value plastic waste on to China, with little concern for the environmental degradation this caused. To protect its citizens from the burden of foreign pollution, in the beginning of this year, China refused to be the world’s dumping ground and effectively closed its doors to plastic waste imports. China’s new National Sword policy of refusing foreign waste has brought a long-overdue moment of reckoning for the recycling industry, and by proxy, for manufacturers. Its clear recycling alone cannot come close to addressing the ballooning amounts of plastic waste piling up all over the country. Even before China’s waste ban took effect, only 9% of plastic in the US was actually recycled. No matter how diligently Americans sort their plastic waste, there is just too much of it for the US, or any other country, to handle. On the bright side, the ban sparked a much-needed conversation about improving domestic recycling infrastructure and recycling markets and has forced both companies and the public to re-evaluate the products and packaging that were previously assumed to be recyclable. But the ban has also been used as a wrongful justification for burning trash in incinerators. Waste incinerators became popular in the US in the late 80s, until harmful emissions of mercury and dioxins, toxic ash, technical failures, and prohibitive costs soured the public on the industry. However, there are still more than 70 relics left over from that failed experiment which continue to pollute surrounding communities and drain city coffers. One of the most notorious cases is in Detroit. The city’s incinerator, perversely named Detroit Renewable Power, exceeded emissions limits more than 750 times over the last five years, contributing to one of the highest rates of asthma in the country. Not only is the incinerator criminally polluting, it cost the city nearly $1.2bn in debt. According to US Energy Information Administration data, incinerators are the most expensive way to produce energy – costing twice that of nuclear and solar and three times the cost of wind. In some cases, recent incineration schemes are even disguised as recycling programs. For example, the city of Boise, Idaho, which was rocked by China’s waste ban, is directing residents to “recycle” their plastic by putting it in a special orange bag called the Hefty Energy Bag. The plastic is then melted to make fossil fuels to burn. This method, called pyrolysis, or “plastic-to-fuel”, is being pushed by the American Chemistry Council, Dow Chemical, Unilever, and others who are invested in continuing the status quo of churning out massive amounts of single-use plastic. Not only is this form of incineration the opposite of recycling, it gives people a false sense of security that single-use plastic is acceptable to continue making and using. Instead of coming up with increasingly complicated and expensive ways to deal with plastic waste, why not focus on preventing it from being made in such large quantities in the first place? We simply need less plastic in the world. Notably, many North American cities are cracking down on nonsense single-use plastic and resisting short-sighted, false solutions like plastic-to-fuel. Plastic bag bans or fees are underway in cities such as Seattle, Boston, San Francisco (leading to a statewide ban), and Washington, DC. Some cities are going even further: Vancouver is introducing a city-wide ban on single-use straws, foam cups, and containers starting June 2019. In addition to bans and fees on problematic products and packaging, several cities are also pursuing legislation that would force companies to pay for managing the waste created by their products instead of foisting disposal costs onto the consumer, thereby motivating them to change their manufacturing and delivery systems to eliminate or drastically minimize waste. This holiday season, the greatest gift manufacturers can give consumers is the option to buy their products without ending up with a recycling bin full of single-use plastic packaging destined for the burner or the dump. As the saying goes, “necessity is the mother of invention”. China’s National Sword policy gives us the opportunity to kick our society’s plastic habit once and for all and to put pressure on those most responsible for it: not consumers, not cities, but producers. – Guardian News & Media

Fiat Chrysler said to pay more than $700mn over US diesel emissions claims

Reuters Washington

Fiat Chrysler Automobiles NV will pay more than $700mn to resolve lawsuits from the US Justice De- partment and diesel owners over claims it used illegal software to allow 104,000 diesel vehicles to emit excess emissions, three people briefed on the matter said on Wednesday. Fiat Chrysler will pay $311mn in civil penalties to US and California regula- tors, about $75mn to states investigating the excess emissions and additional funds to off set excess emissions from the older cars. It will also pay $280mn to settle a law- suit by owners, the sources said. Fiat Chrysler has denied any wrongdo- ing and previously said there was never an attempt to create software to cheat emis- sions rules. In October, the company set aside €713mn ($815mn) to cover potential costs related to the case. Separately, Robert Bosch GmbH, a German auto supplier that made some components for the Fiat Chrysler diesel engines, is expected to announce it will settle suits from US owners for $30mn, one person said. The settlements are set to be an- nounced on Thursday at the Justice De- partment. Fiat Chrysler, Bosch and the Justice De- partment declined to comment. The Environmental Protection Agency issued a media advisory on Wednesday that said it would make an “announcement of a signifi cant civil action to ad- dress cheating on federal auto-emissions tests.” The Justice Department sued Fiat Chrysler in May 2017, accusing it of il- legally using software that led to excess emissions in 104,000 US diesel vehicles from the 2014-2016 model years. Fiat Chrysler won approval from US regulators in July 2017 to sell diesel vehicles with updated software. The company has repeatedly said it hoped to use that software to address agencies’ concerns over the 2014-2016 vehicles. The company is not expected to make any hardware changes to the vehicles and the fi x will not impact the vehicle’s fuel economy, two people said. Owners of those vehicles are expected to get an average of $2,800 each for com- pleting the software updates, the sources said. Fiat Chrysler will formally issue an emissions recall for the vehicles, but will not off er to buy back the vehicles, the sources said. The Justice Department in 2017 said Fiat Chrysler used auxiliary emissions controls in diesel vehicles that led to “substantially” higher than allowable levels of nitrogen oxide, or NOx pollution, which is linked to smog formation and respiratory problems. US and California regulators stepped up scrutiny of diesel vehicles after Volkswa- gen AG admitted in 2015 to illegally in- stalling software in US vehicles for years to evade emissions standards. VW has agreed to pay more than $25bn in the United States for claims from own- ers, environmental regulators, states and dealers. Regulators have also been probing die- sel emissions in Daimler AG’s US Mer- cedes Benz vehicles.

Shell LNG plant blockade gets no easy fix from Canadian province

Bloomberg Vancouver

British Columbia Premier John Horgan gave little sign his government was ready to intervene in a contentious blockade obstructing Royal Dutch Shell Plc’s $31bn gas export project, shying away from condemning the indigenous group that’s defied a court order to remove barricades. “There is no quick fix to resolving issues that go back to 1876 and beyond,” Horgan said, referring to the year of Canada’s Indian Act and the thorny legacy created in British Columbia, where most First Nations have never formally ceded jurisdiction of their ancestral lands. “We recognise the right of individuals to protest.” But he also acknowledged that the project, LNG Canada, had met every requirement to proceed and had the support of all 20 First Nation groups along its corridor, including the Wet’suwet’en on whose lands the blockade is taking place. “We believe that LNG Canada has met the obligations that we asked them to achieve." The blockade underscores how hard it's become for Canada to clear the way for sanctioned energy projects – even those blessed by all levels of government and elected indigenous leaders. When Shell and its four Asian partners agreed to invest last October after a decade of negotiations, the project was feted as the blueprint for how industry should work with First Nations. Yet in the months since, a group of holdouts have erected barricades on a public road, preventing TransCanada Corp from working on the 420-mile (676km) Coastal GasLink pipeline that will supply the export facility. The protesters ignored a November court order to allow access. "It's important to understand that construction time lines require us to gain access to the area and begin activities as soon as we safely can to keep the current construction schedule and time lines in place," Jacquelynn Benson, a spokeswoman for Coast GasLink, said in an email. "Any delays to that would affect our ability to meet those dates." LNG Canada didn't immediately respond to a question about delays to the project. The project – also backed by Petroliam Nasional Bhd, Mitsubishi Corp, PetroChina Co and Korea Gas Corp – is Canada's largest infrastructure project ever and the world's biggest planned liquefied natural gas facility in years. Indigenous leaders, including a former Wet'suwet'en elected chief, have lamented the blockade for threatening a project that off ers rural communities their best shot at economic development. Yet since Monday, when police arrested 14 to enforce the court order and restore access, protests have flared up across the nation in support of the blockade. In an October interview, Horgan credited LNG Canada's success to its aboriginal support, contrasting it against Trans Mountain, the oil pipeline bought by the federal government from Kinder Morgan Inc Shell was able to reach agreements with all aboriginal groups, whereas "Trans Mountain was not," he'd said. "I think that speaks for itself." Three months later, it's not clear that made such a diff erence. "British Columbia is unique in Canada – we have unceded territory and in every corner of the province we have court ruling after court ruling," Horgan told reporters on Wednesday, saying he'd spoken to Prime Minister Justin Trudeau about the impasse late Tuesday. The project, he said, "highlights the challenges of reconciliation."

Two Big Producers Just Called a Bottom for Oil: $60 a Barrel

Italy's top oil producer and Oman's energy minister predict the latest oil rebound will stick.

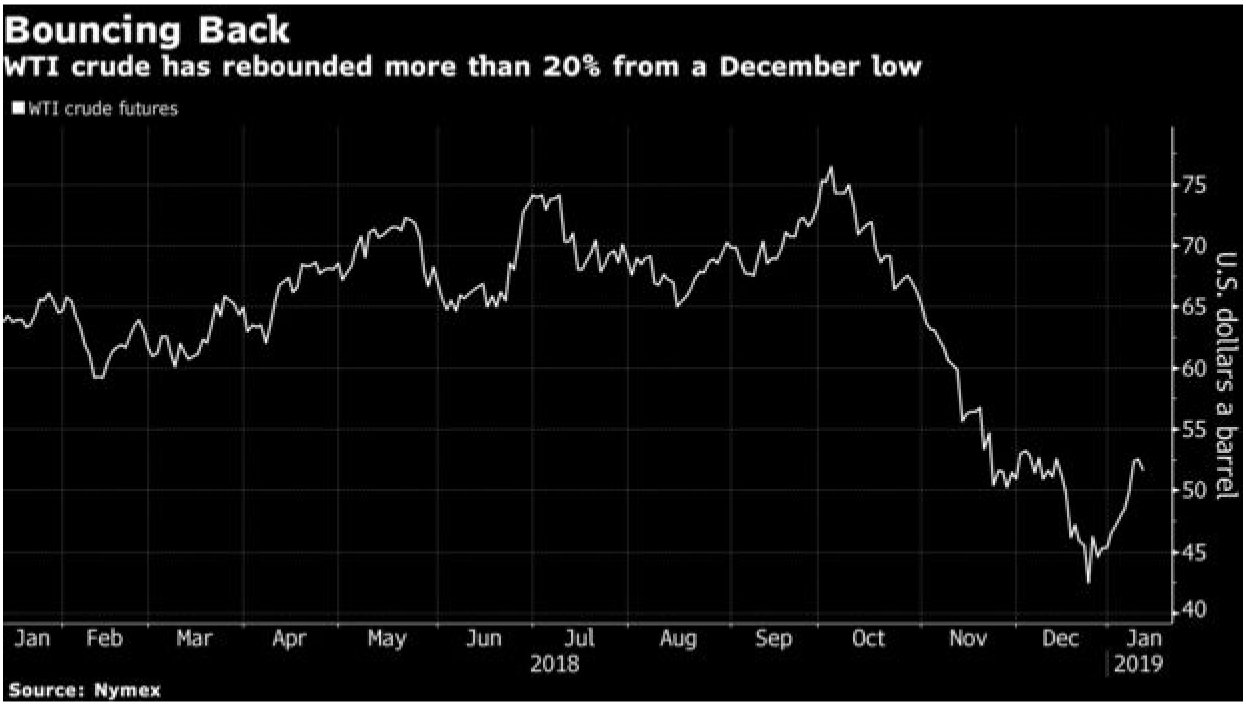
Prices are up more than 20 percent since hitting an almost two-year low in December, enough to alter OPEC+ rhetoric from reassuring investors that it will cut output to taking credit for the rebound, and in the case of Oman, forecasting where oil will trade for the year

Mohammed Al-Rumhi

Photographer: Stefan Wermuth/Bloomberg

Oman Oil Minister Mohammed Al-Rumhi told Bloomberg TV that the agreement between the Organization of Petroleum Exporting Countries and partners including Russia and Oman can sustain prices at $60 a barrel. He sees crude trading between that bottom and $70 a barrel this year. Claudio Descalzi, the chief executive officer of Italy’s Eni SpA, told Bloomberg TV the range will be between $60 and $62 a barrel.

“I see demand for hydrocarbons still growing,” Descalzi said. “When we talk about 1.3 to 1.4 million barrels a day, that is still there,” referring to potential demand increases.



A few weeks ago, as global benchmark Brent crude briefly dipped below $50 a barrel, OPEC ministers were taking turns to remind investors that they would trim supply. That message, along with brightening prospects for U.S.-China trade talks seem to have worked, pushing the gauge above $60 a barrel and ending talks about an extraordinary OPEC meeting.

No Extra Meeting

“We only do that during emergencies, and there is no emergency,” U.A.E. Energy Minister Suhail Al Mazrouei said in an interview on Sunday, referring to a proposed meeting he floated in December. The oil glut will be cleared in the first quarter and OPEC+ remains committed to making “whatever is the right decision to balance the market.”

Suhail Al Mazrouei

Photographer: Chris J. Ratcliffe/Bloomberg

The volatility that became a feature in financial markets last year is expected to continue for oil in 2019. Prices could rise higher than $60 a barrel if consumers perceive a gap between supply and demand, according to Descalzi. Ruhmi predicts even sharper swings between $50 and $80 a barrel during for the year.

OPEC, led by Saudi Arabia, agreed to cut oil output this year to support prices. The group and its allies, known as OPEC+, agreed to start cutting 1.2 million barrels of daily production this month to stem a surplus and stabilize the market. Producers already reduced output by 600,000 barrels a day in December, Saudi Arabia’s energy minister Khalid Al-Falih said on Wednesday.

Iran Waivers

The effort to balance the market will be judged when demand usually increases in the second quarter, Oman’s Rumhi said.

The timing coincides with the expected expiration of U.S. sanctions waivers that allowed some buyers of Iranian crude to continue purchases.

U.S. sanctions have cut Iran’s exports to about 1 million barrels a day from 2.7 million before sanctions were announced, Brian Hook, the U.S. State Department’s special representative for Iran, said in an interview.

Claudio Descalzi

Photographer: Christopher Goodney/Bloomberg

“There’s a lot more to come. We’re going to continue our path to get to zero,” Hook said. “We have to do it in the context of oil prices”

So once again, global oil supply will be subject to decisions on Iran waivers made by the Trump Administration, far from the traditional halls of power in Riyadh and Vienna that have policed a large portion of the world’s crude production since the 1960s.

If U.S. sanctions curtailing Iran's exports begin to crimp markets, the group will respond, Rumhi said. "There is a commitment by all of us to make sure there is no dent in the supply side. And if there's oversupply, we cut that fat as well."

– With assistance by Hussein Slim, and Giovanni Prati

Greece inches closer to sales of Hellenic Petroleum and Depa

Greece has crossed a key hurdle to the sale of a controlling stake in ELPE (Hellenic Petroleum) as it rushes to meet its privatization pledge after emerging from its third and final bailout.

In a Bloomberg interview, energy minister Giorgos Stathakis said Greece has reached an accord with potential buyers of the ELPE stake – valued at the current market price of 1.16 billion euros and seen as a flagship privatization – over the control of its wholly owned unit, ELPE Upstream. Under the accord, the state will own 50.1 percent of ELPE Upstream, which holds Hellenic Petroleum's hydrocarbon exploration and concession rights.

"Talks with the potential buyers of the 50.1 percent stake in Hellenic Petroleum over Elpe Upstream have finished and all issues have been resolved," Stathakis said in the interview in Athens.

The push to see the sale through comes after Greece, in August, ended its final international bailout following its decade-long financial crisis. Privatizations, a cornerstone of the bailout program's rebound plan, haven't been popular with the leftist government of Prime Minister Alexis Tsipras. Once famous for dragging its feet, the government is now interested in "stepping up the privatization drive," Grigoris Stergioulis, chairman of Enterprise Greece, the nation's trade and investment promotion agency, said in August.

Assets in addition to Hellenic Petroleum being prepared for sale include parts of DEPA, Greece's natural gas supplier, and plants owned by PPC, the country's state-controlled and largest electricity provider.

Binding offers

Greece's state-asset sale fund qualified in July two investors for the controlling stake in Hellenic Petroleum – Glencore Energy UK Ltd and Vitol Holding BV – allowing them to continue with the process. The stake is being sold by Paneuropean Oil & Industrial Holdings SA and the Hellenic Republic Asset Development Fund, the refiner's first and second-largest shareholders.

"While some details remain for the shareholders' agreement, we expect binding offers on Jan. 28," Stathakis said. The two companies have concluded their separate ventures for making bids, he said.

On DEPA, Greece is preparing a draft law to split the natural gas supplier into two parts to pave the way for the sale of the company, Stathakis said. The law to create DEPA Infrastructure and DEPA Commercial will be presented to parliament by the end of January, he said.

US foray

Greece will sell the majority of DEPA Commercial, retaining a 15 percent stake. DEPA Infrastructure will comprise the country's gas network and international projects, including major investments in pipelines, and this part will remain under state control. Greece will invite investors to show interest in the sale during the first half. The state currently controls a 65 percent stake in DEPA while Hellenic Petroleum owns the remaining 35 percent.

DEPA's purchase in December of the first cargo from Cheniere Energy Inc.'s Corpus Christi liquefied natural gas export terminal, the newest such outlet in the US, opens the way for the regular supply of US LNG to Greece, the minister said.

"Discussions have begun concerning amounts and price and the outcome is a matter of months," Stathakis said.

Meanwhile, PPC has approved an agreement for investors to buy its lignite coal-fired plants in Meliti and Megalopoli, Stathakis said. The sale is part of an effort to meet the demands of Greece's creditors for the company to reduce its dominance in the country's electricity market. Binding offers are due shortly, Stathakis said. *(Bloomberg)*

Germany wobbles on Russian gas pipeline as tensions mount

Bloomberg/Berlin

Support in German Chancellor Angela Merkel’s coalition for a major new Russian gas pipeline is slipping as frustration with the Kremlin’s brinkmanship grows and pressure from US President Donald Trump starts to bite.

Nord Stream 2, an $11bn project that will double the natural gas supply under the Baltic Sea to Germany, faces growing scepticism among German officials who had previously defended it against criticism from Trump and some European Union allies, according to senior lawmakers. The shift could translate into pressure on Merkel’s government to back down on the controversial pipeline and possibly delay its implementation.

Social Democratic lawmaker Nils Schmid, whose party has been a reliable supporter of the project, said too many decision-makers in Berlin had been slow to factor in Nord Stream's geopolitical significance. It will reduce the volume of gas pumped through Ukraine as Russia attempts to stifle its neighbour's economy by depriving it of lucrative transit fees.

"The debate in Germany has become more critical," Schmid, the junior coalition party's point man on foreign policy, said in an interview, adding that the project shouldn't go forward until Russia and Ukraine reach a transit accord. "It would have been better to take this political dimension into account."

The 1,200-km (750-mile) undersea pipeline – being constructed by Russia's Gazprom PJSC to bolster German supplies as Norwegian, Dutch and domestic sources dry up – has been pilloried by some of the country's allies, who say it bolsters Europe's reliance on Russian energy and bypasses key partners such as Ukraine. Trump has blasted the project as holding Germany "captive" to Russia.

The ground is shifting, with an ever more fraught relationship with Russian President Vladimir Putin, particularly since the November seizure of two dozen Ukrainian sailors near the Sea of Azov. Merkel, who has sparred with Putin since the 2014 annexation of Crimea from Ukraine, is demanding the release of the naval personnel.

The Azov incident in the Kerch Strait has soured prospects that Merkel's diplomacy can scale back the conflict in eastern Ukraine, according Juergen Hardt, a lawmaker in Merkel's Christian Democratic Union who speaks on foreign affairs.

"The events on the Kerch Strait at least showed me that these are unfulfilled hopes," Hardt said in an interview. "Russia, in my view, isn't moving a millimetre from its objectives."

Hardt said Germany's governing parties need to find consensus with the European Commission on energy diversification and reliance on Russian gas. He also questioned the economic viability of Nord Stream, poking holes in the government's previous defence of the project.

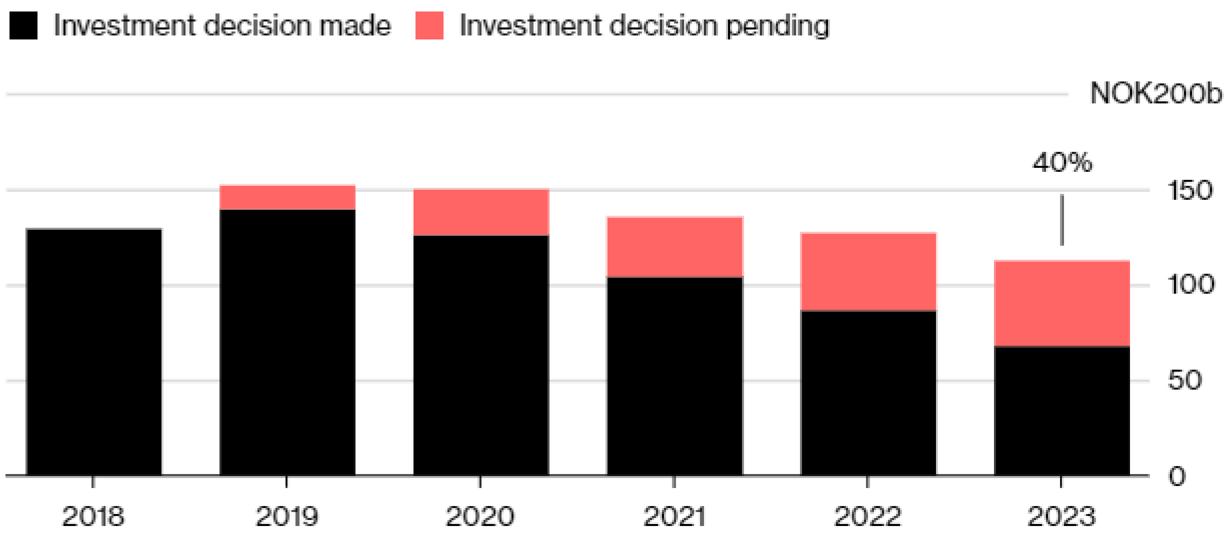
Merkel shifted her position on Nord Stream last April, acknowledging the political dimensions of the pipeline and departing from her previous insistence that it was solely a business venture by private investors. The project must not weaken Ukraine by disrupting its gas transmission system, she said at the time.

Richard Grenell, the US ambassador to Germany, welcomed the more sceptical view in Berlin, saying the pipeline project undermines the EU’s energy and security objectives.

“There is not only Russian gas coming through the pipeline, but also Russian influence,” Grenell said in a statement to Bloomberg News. “Now is not the time to reward Moscow.”

The US administration has indicated that sanctions on the pipeline are imminent. Trump brought tensions over Nord Stream into full view at last July’s NATO summit, raising the issue as he attacked Merkel over Germany’s slack defence spending.

Top Oil Lobbyist Warns of Rising Political Risk in Norway



Norway's oil industry is in full recovery mode, but the country's top petroleum lobbyist is worried about growing opposition ahead.

At the same time as it gave a big boost to investment forecasts for the next five years, the Norwegian Oil and Gas Association sounded one of its starkest warnings yet on the political risk facing the nation's biggest industry. Explorers and producers are finding themselves in the midst of an increasingly heated debate in Norway on the future of fossil fuels, with calls for cuts to incentives, more drilling restrictions and higher taxes.

While Norway's oil industry is tightly regulated, one of its main selling points has always been a stable framework with support across the political spectrum. That means that investment forecasts could be hit "dramatically" if that is looking shaky, Karl Eirik Schjott-Pedersen, the association's chief executive, said on Monday.

"I'm raising a flag to say that these investments are vulnerable if such a situation arises," Schjott-Pedersen, who represents companies including Equinor ASA and Royal Dutch Shell Plc, said in an interview. "It's important for us to stress that this debate and these proposals for change aren't cost-free."

With the share of locked-in spending falling to 60 percent in 2023 from 92 percent in 2019, investment could drop sharply and make this year's recovery brief, Schjott-Pedersen said.

Political risk is even a bigger concern than the market, where crude prices have tumbled by about 30 percent over the past three months, he said. After the industry cut costs drastically during the downturn from 2014 to 2017, projects are less vulnerable to Brent crude in the $50s than to tax hikes, Schjott-Pedersen said.

The warnings from the former Finance Minister comes as two centrist parties involved in negotiations to broaden Norway's Conservative-led government have signaled they will seek tougher restrictions on the oil industry. While Prime Minister Erna Solberg appears unwilling to offer concessions on oil policy, those efforts are only the latest in a long list of challenges for the oil industry, including:

- The prospect of smaller groups like the Green Party gaining more influence
- Legal challenges seeking to restrict license awards or exploration incentives
- Signs that Norway's biggest party, Labor, currently in opposition, is growing increasingly skeptical of opening the Lofoten area to exploration, raising the possibility it could compromise on other aspects of oil policyCompounding these challenges is another, worrying prospect for Norway's oil industry in the early 2020s: it sorely needs new, big discoveries to fill a dwindling project pipeline.

That challenge isn't new. While the oil association raised forecasts for all years through 2022 compared to its previous prognosis from December 2017, the new outlook still reflects a drop in investments after this year and 2020 due to a lack of large projects.

“If we don’t make new, large discoveries, the activity level on the Norwegian shelf will drop a few years down the line,” Schjott-Pedersen said. “Future earnings depends on oil companies being able to explore in interesting areas.”

الراعي دشن كنيسة مار يوحنا الحبيب بغوسطا بتمويل قطري

دشن البطريرك الماروني الكاردينال مار بشارة بطرس الراعي كنيسة مار يوحنا الحبيب في دير المخلص الكريم بغوسطا، والتي قامت دولة قطر بتمويل بنائها بتقدمة من أمير البلاد الشيخ تميم بن حمد آل ثاني.

وفي المناسبة، أقيم قداس احتفالي ترأسه البطريرك الراعي، وحضره عن دولة قطر السفير محمد حسن جابر الجابر ممثلا الشيخ تميم بن حمد آل ثاني، وعن الجانب اللبناني فاعليات دينية مسيحية.

وقال الجابر: "قامت دولة قطر ببناء الكنيسة لتكون دارا للعبادة للأخوة المسيحيين الموارنة وتحتضن مناسباتهم الدينية، كما أن سمو الأمير أرادها أن تكون على أجمل صورة لترجمة مشاعره الصادقة تجاه اللبنانيين عموما، والمسيحيين خصوصا".

وأضاف: "إن التقدمة السخية من دولة قطر لبناء هذه الكنيسة المارونية في هذه المنطقة العزيزة من لبنان جاءت دليلا على انفتاح قطر وتأكيدها على توطيد أواصر العلاقة مع الإخوة اللبنانيين عموما".

وتابع: "إن اهتمام دولة قطر بالمسيحيين وبضرورة ممارسة شعائرهم الدينية بحرية وأمن وأمان ليس أمرا جديدا علينا، لقد حملنا راية حوار الأديان منذ عشرات السنين. واحتضنت الدوحة مركزا لحوار الأديان أنشئ بتوصية من علماء يمثلون الديانات الثلاث في مؤتمرات حوار الأديان التي استضافتها الدوحة خلال السنوات الماضية. وإن دولتنا هي دولة محبة وسلام وتآخ مع كل الأديان السماوية".

وأردف: "لقد كانت دولة قطر سباقة بين دول الخليج في إرساء وتكريس حق المسيحيين الذين يعيشون في الدوحة، ويفوق عددهم المئتي ألف من كل الطوائف المسيحية. وإن رسالتنا هي رسالة تسامح، وتاريخنا يشهد لنا بذلك. لقد بدأ بناء الكنائس في دولة قطر منذ عام 2005 يوم أعطى حضرة صاحب السمو الأمير الوالد الشيخ حمد بن خليفة آل ثاني موافقته على بناء أكثر من كنيسة للطوائف المسيحية التي تعيش في قطر، وتبرع بثمن الأرض لبنائها".

من جهته، شكر الراعي لـ "دولة قطر تغطيتها كلفة بناء الكنيسة"، وقال: "نسأل الله أن يكافئ حضرة صاحب السمو الشيخ تميم بن حمد آل ثاني أمير البلاد وحضرة صاحب سمو الأمير الوالد الشيخ حمد بن خليفة آل ثاني والشعب القطري الكريم بفيض من بركاته".

ونوه بـ "دور السفير الجابر ممثلا صاحب السمو في تدشين كنيسة مار يوحنا الحبيب في دير المخلص الكريم غوسطا"، متوجها بـ "الصلوات والدعاء لدولة قطر وسمو أميرها على مساعيه الخيرة"، متمنيا لـ "دولة قطر المزيد من الازدهار والتقدم".

Qatar partners Malaysia, Turkey to conquer Islamic finance market

DOHA — Qatar is planning an ambitious new initiative with Malaysia and Turkey to serve the $2 trillion global Islamic finance market from hubs in the three countries using common platforms and technology, as part of efforts by the Gulf emirate to overcome a blockade imposed by its neighbors and diversify its economy away from oil and gas.

“We have a vision to cover the entire globe’s Islamic financial transactions between three financial centers: Doha, Istanbul and Malaysia,” said Yousef Mohamed Al Jaida, CEO of the Qatar Financial Centre in a group interview on the sidelines of the annual Doha Forum. “This requires international platforms and technology which we believe Qatar Financial Centre has.”

Under the plan, Turkey would cover Islamic finance needs in Europe, Qatar would serve the greater Middle East and Malaysia would sell to Asia, he added.

“That’s a big vision, we’re working on it and this is a new project,” Al Jaida said in the interview with the Nikkei Asian Review and a small group of other publications. Relations between Qatar, Turkey and Malaysia had “intensified recently and become a lot closer,” he added. “We share similar visions, we share similar progressive outlooks… so there’s a lot to be achieved between these three countries.” He did not give time scales for the project.

The London Stock Exchange is currently a global venue for the issuance of sukuk, while Hong Kong and Luxembourg have also made inroads but Qatar believes the market should be led by Muslim countries, Al Jaida said.

Malaysia is already one of the world’s biggest issuers of sukuk, or sharia-compliant bonds, with 34% of the global market last year. The Malaysian central bank signed a memorandum of understanding with the regulatory authorities of Qatar and Dubai in 2007 to promote mutual cooperation but efforts to consolidate the fragmented global Islamic finance industry have foundered in the past on regional rivalries and a lack of agreement on common standards.

The new Islamic finance initiative forms part of plans by Qatar, a Gulf emirate which is the world’s largest exporter of liquefied natural gas, to diversify its economy and grow away from its neighbors, four of which imposed a blockade on its borders and airspace last year.

The United Arab Emirates, Saudi Arabia, Bahrain and Egypt accused Qatar of sponsoring terrorism and cut off land, sea and air access demanding that Doha change its policies. Qatar rejects the accusations and says it is the victim of a hostile act which is illegal under international law.

Like other Qatari officials at the Doha Forum, Al Jaida described the blockade as a “blessing in disguise,” insisting that despite the considerable extra costs imposed, it had forced his country to become more self-sufficient in areas such as food production and to develop its port and air cargo infrastructure more quickly.

Before the blockade, Qatar imported almost all its food via its neighbors but government-funded emergency schemes to develop local agriculture have helped to fill the gap and increased trade with Iran, Turkey and Oman did the rest. State-owned Qatar Airways organized a massive air cargo operation to fly in imported essentials via a disused airport and the country rapidly expanded its own port facilities to replace the lost facilities of Jebel Ali in the UAE.

Qatar, which enjoys the world's highest per capita GDP at purchasing power parity according to the World Bank, lost some growth momentum during the blockade and had to redirect $50 billion from its sovereign wealth fund and reserves to prop up the banking system and protect the exchange rate.

But now a more confident Qatar is pushing its financial center aggressively as an alternative to the longer-established and larger Dubai International Financial Centre, despite the irony of an isolated Gulf peninsula offering itself as a regional hub.

Al Jaida said the UAE had undermined the business model of Dubai as a regional hub during the blockade by forcing international companies operating in the region to set up an alternative base to serve Qatar. As a result, the number of foreign companies operating in the Qatar Financial Centre had grown by 100% since the blockade and Qatar now had the opportunity to challenge Dubai as a hub in the Gulf region.

Qatar has attracted foreign businesses by offering guarantees that Doha will be a cheaper base to operate from than Dubai, in return for a commitment to a minimum 10-year presence.

The Qatar Financial Centre offers 100% foreign ownership, a legal and judicial framework based on English law, 100% repatriation of profits and other regulatory advantages to attract businesses. It compares itself to Hong Kong in offering companies an access point to a wider market under internationally friendly terms.