

Record economic slumps hit Europe



Spain has been ravaged by the pandemic

AFP News

Nation after nation across Europe yesterday unveiled the extent of historic economic devastation as resurgent coronavirus cases forced agonising new trade-offs between lives and financial health.

France's economy contracted by a record 13.8 per cent in the second quarter, Spain went into recession after its gross domestic product slumped 18.5 pc, Portugal's economy contracted 14.1 pc, and Italy's GDP plunged 12.4 pc.

Europe as a whole was hammered by its sharpest recorded contraction in the second quarter, with GDP down 12.1 pc in the eurozone and 11.9 pc across the Union bloc.

"It is a shocking drop, but completely understandable as the economy was shut for a considerable period during

the quarter," said Bert Colijn, senior economist at ING Bank. Airline conglomerate IAG, the owner of British Airways, yesterday posted a first-half net loss of 3.8 billion euros (\$4.5 bn), UK bank NatWest slid into the red while Dutch airline KLM and truck makers Scania said they were each shedding 5,000 jobs.

Historic contractions The United States -- the world's hardest-hit nation and its biggest economy -- posted a second-quarter loss of 9.5 pc compared with the same period a year ago, the worst figure on record.

If that trajectory carried through the entire year, its economy would collapse by nearly a third (32.9 pc), the data showed. Historic contractions have been additionally recorded in Germany (10.1 pc), Belgium (12.2 pc), Austria (10.7 pc) and Mexico (17 pc).

Huawei asks Germany not to shut it out of building 5G networks: Der Spiegel

Reuters | Berlin

Huawei's top manager in Germany has appealed to the government not to shut it out of building 5G mobile networks, Der Spiegel said on Friday, after Britain decided to purge the Chinese firm's equipment from its network on security grounds.

Chancellor Angela Merkel's government has put off a decision on tougher certification rules until after the summer break, amid pressure from some lawmakers who sympathise with U.S. calls to ban Huawei outright.

"The government's approach of setting the same,



IFA consumer tech fair in Berlin

tough security criteria for all is the right way to ensure networks are secure," Huawei's representative in Germany, David Wang, told the weekly news magazine.

Germany's three mobile operators are all customers of Huawei, which has had a presence in the country for 15 years.

Islamic finance as vehicle to economic recovery

Philippine Economic Zone Authority holds international virtual conference

TDT | Manama

The Philippine Economic Zone Authority (PEZA), in cooperation with the Central Bank of the Philippines (Bangko Sentral ng Pilipinas), held its "First International Virtual Conference on Islamic Finance as Vehicle to Economic Recovery."

The virtual conference, third in a series, was organised in collaboration with the Institute for Autonomy and Governance (IAG) and PEZA's Investment Promotion Partners in the Middle East.

The forum highlighted discussions on foreign investment opportunities in Islamic Finance in the Philippines.

PEZA Director General Charito B. Plaza underscored the importance of Republic Act (RA) 11439 "An Act providing for the Regulation and Organisation of Islamic Banks signed by President Rodrigo Duterte on August 22, 2019" which will maximize the full potential of Islamic Financing in promoting inclusive



Participants during the virtual conference



Joseph Timothy Rivera

economic growth.

BSP Managing Director Atty. Arifa A. Ala of the Philippine

Central Bank, the keynote speaker of the event, made a comprehensive presentation on the potential of the Islamic Finance Industry in the Philippines.

Panellists/Reactors who also spoke during the event included Greg Loayon, chairman and managing director of the Philippine Business Council in Qatar; Hashim Guinomla, assistant vice president of the Dubai Islamic Bank; Mohamad Irshad, nominee for Parliament of Singapore and Saleha Sacar,

director of the Bureau of Muslim Economic Affairs under the Office of the President of the Philippines.

Also present were several Philippine Commercial Attaches based around the world. IAG Executive Director Atty. Benedicto Bacani hosted the event while Aleem Guipal, OIC Group Manager of PEZA's Promotions and Public Relations Group (PPRG-PEZA) served as moderator.

Also present during the forum were several Philippine Commercial Attaches based around the world, particularly Charmaine Yalong, Philippine Commercial Attache for Middle East & Africa; Dr Imran Yousuf Muhammad, honorary Consul General of the Philippines to Karachi; newly appointed PEZA Associate Investment Promotions Partner for South Asia, Ashraf Siddiqui; Doha-based PEZA Investment Promotions Partner Joseph Timothy and several other companies around the Middle East and South Asia.

N. Korea's economy grew for first time in three years: South Korea

Reuters | Seoul

The economy of isolated North Korea grew for the first time in three years in 2019 as better weather conditions boosted crop yields, but sanctions imposed to stop its nuclear ambitions kept factory output weak, South Korea's central bank said.

Gross domestic product (GDP) in North Korea last



Kim Jong Un, Supreme Leader of North Korea

North Korea's gross national income per capita stood at 1.408 million won (\$1,184.79) in 2019, about 3.8pc of that of South Korea. In the 1950s North Korea's command-driven economy posted a healthy annual growth rate of 13.7pc. But a focus on post Korean War military spending, the fall of the Soviet Union, and a famine in the mid-1990s that killed an estimated two million people, crippled the economy

year rose 0.4 per cent in real terms from the previous year when the economy suffered the biggest contraction in 21 years, shrinking 4.1pc due to a drought and sanctions, the Bank of Korea (BOK) said on Friday.

"The sanctions have not become any tougher since 2017-end and weather conditions have been more fa-

vourable which helped output from the agriculture sector to improve," a BOK official said.

"Even so, its too early to say (North Korea's) economy is in a recovery" as its trade volume in recent years is half the levels seen before the international sanctions kicked in. North Korea's economy grew 3.9pc in 2016, the fastest pace in 17 years, but sharply contracted in the following two years.

The BOK said output from agriculture, forestry and fisheries which accounts for about a fifth of North Korea's economy increased 1.4pc last year, while industrial production fell 0.9pc, following a 12.3pc drop in 2018.

However, North Korea's trade volume jumped 14.1pc in 2019, as exports of non-sanctioned items such as shoes, hats and wigs increased 43pc, the bank said. The BOK official said North Korea's trade was expected to worsen significantly this year as the coronavirus outbreak would have curbed shipments to China, its biggest trading partner that accounts for more than 90pc of total trade.

India posts record fiscal deficit

Reuters | New Delhi

India's fiscal deficit touched a record \$88.5 billion in the April-June quarter, 83.2 per cent of the target for the whole of the current fiscal year, reflecting the impact of the coronavirus pandemic on tax collections and as the government front-loaded its spending.

Data released yesterday showed total net federal tax receipts in three months through June declined more than 46pc year-on-year to 1.35 trillion rupees (\$18.05 bn), compared with 2.51 trn rupees a year ago.

Over three months, total expenditure rose 13pc year-on-year to 8.16 trn rupees, compared with 7.22 trn rupees a year ago, as the government increased spending on free foodgrains and rural jobs programmes for millions of migrant workers.

New Delhi has increased its market borrowings target to 12 trn rupees for the current fiscal year, from earlier estimates of 7.8 trn rupees, to fund spending.

US to pay \$2.1 billion to Sanofi, GSK, in COVID-19 vaccine deal

Reuters

The US government will pay \$2.1 billion to Sanofi and GlaxoSmithKline Plc for COVID-19 vaccines to cover 50 million people and to underwrite the drug makers' testing and manufacturing, the companies said yesterday.

The award is the biggest yet from 'Operation Warp Speed', the White House initiative aimed at accelerating access to vaccines and treatments to fight COVID-19, the respiratory disease caused by the novel coronavirus.

The deal, announced by the US Department of Health and Human Services and Department of Defence, works out at a cost of around \$42 per person inoculated.



A small bottle labeled with a "Vaccine" sticker is held near a medical syringe in front of displayed "Coronavirus COVID-19" words in this illustration

That is almost identical to the \$40 per patient the US agreed to pay Pfizer Inc and BionTech when it inked a nearly \$2 billion deal for 50 m courses of that potential vaccine last week.

The Sanofi-GSK deal is for 100 m doses, at two per person, and gives the government an option to purchase an additional 500 m doses at an unspecified price. Sanofi and GSK plan to start clinical trials for the vaccine in September.

Sanofi executive Clement Lewin said the companies had not yet agreed with the government on a specific price for the additional doses.

GSK said in a statement that more than half of the total funding will go into further development of the vaccine, including clinical trials, with the remainder used for a manufacturing ramp-up and delivery of doses.

The two companies' inoculation is combination of a vaccine



More than 180 vaccine candidates to battle the novel coronavirus are currently in different stages of trials and 26 of these potential vaccines have already reached the human trials phase.

based on Sanofi's flu shots and a complementary technology

from GSK called an adjuvant, designed to improve the vaccine's potency.

Sanofi will receive the bulk of the proceeds from the deal.

It marks the second contract for the Franco-British pair's vaccine candidate after they agreed earlier this week to supply 60 million doses to the British government.

Reuters reported last week that Pfizer's deal was expected to set a pricing benchmark for future deals between drugmakers and governments.

Moderna Inc and Pfizer began two 30,000-subject trials of COVID-19 vaccines on Monday that could clear the way for regulatory approval and use by the end of 2020.