Lebanon's economic collapse bites hard in neglected north

Taha Riz has worked just three days in more than a month at his Tripoli bakery, in Lebanon's neglected north where economic meltdown has hit hardest and plunged thousands like him into precarious poverty.

The bakery, like Tripoli itself, survived earlier hardship when sectarian tensions fuelled by the war in neighbouring Syria exploded into clashes on the street outside, but its ovens are now cold and its shelves hold only two bags of flour.

A victim of Lebanon's economic collapse, Riz says the bakery has slashed its workforce from 25 to two, and he has worked only three days since a religious holiday in mid-May – most recently baking two trays of sweets worth 50,000 Lebanese pounds, or just $3.30 on the informal market.

"We used to work, now we borrow and spend," says the 33-year-old father of two daughters, whose wife is expecting a third child soon.

The bakery which used to order flour by the tonne now buys supplies like sugar and ghee in small bags of a few kilos, after demand for its sweet pastries evaporated and people cut their spending to the bare essentials.

"Unfortunately north Lebanon has been hit much more than the other parts of Lebanon. The situation there is very dramatic," said Bujar Hoxha, Lebanon director for the relief organisation Care International. He said large numbers of businesses had shut and jobs had been wiped out.

Even for those still in work, salaries in dollar terms are worth only a tenth of their 2019 level, while food prices rise relentlessly. The World Bank says Lebanon's economic collapse is one of the world's sharpest implosions in modern history.

The caretaker government says it can no longer use foreign reserves to subsidise food and fuel. It hopes to offer financial support to poorer families as it reduces subsidies, but may not have the resources or political authority to deliver it.

Across the country, the proportion of people living in poverty and needing food assistance may hit 70% this year, Hoxha said, forcing aid groups to urgently refocus their operations.

"When Care International entered Lebanon we actually entered to support Syrian refugees," he said.

After nearly a decade helping Syrians, the organisation saw the Lebanese crisis emerging two years ago. "We readjusted our strategies and reoriented our resources," he said.

The spike in poverty has hit young and old alike.

Shadi Lababidi, 16, left school more than a year ago to work full-time repairing car components, saying he wanted to help his parents through difficult times.

"I'm happy at work but it would be better if I was at school. I'm working to help my family," he said at the workshop where he fixes fibreglass car body parts. "Everything's expensive and a dollar is 15,000 pounds. Even a packet of crisps costs 2,000 pounds."

He says he earns between 75,000 and 100,000 pounds a week – or less than $7. His life revolves around work and sleep, but he dreams of getting out of Tripoli to see his country, from the ancient city of Baalbek in the Bekaa valley to the famed cedar trees in Lebanon's mountains.

"I want to have a permanent job which is decent, to get some money to help my parents, to live like other people instead of living this miserable life".

In a one-room ground floor apartment, 73-year-old Nuzha Hamza lives with her unemployed son and her daughter who has Down's Syndrome.

A survivor of Lebanon's 15-year civil war, she now tries to make money sorting and packing bunches of vine leaves for grocers, earning 2,000 pounds (13 cents) per kilo. "If I have (money) I eat. If I don't, I don't eat," she says.

Like others hit by the scale and speed of Lebanon's breakdown, she increasingly relies on aid to get by, receiving monthly cash support from Care while Lebanon's politicians fail to agree even the first step to help - forming a new government to tackle the crisis. "It's like a kingdom of absence - absence of institutional support towards citizens," Hoxha said of the political paralysis which has prompted the relief sector to step into the vacuum and provide emergency aid. "This feels like a post-conflict situation, as if there had been a war two, four or six weeks ago. There are no mechanisms, no institutions."

Necessary measures underway to address drought crisis, MAIL

Afghanistan Ministry of Agriculture, Irrigation and Livestock (MAIL) says drought will put negative impact on agriculture sector this year.

In an interview with The Kabul Times correspondent, a spokesperson to the Ministry of Agriculture, Irrigation and Livestock (MAIL) Akbar Rustami said based on assessments done by National Statistics Authority and MAIL, a number of provinces and districts would be unfortunately affected by drought this year.

"In general, a large number of districts in Afghanistan are in critical condition. The situation in 45 districts is severe, mid-severe in 81 districts, while 221 districts are protected from drought this year," Rustami said, adding that drought has caused that animals are facing with lack of grass and forage; therefore, distribution of forage to animal owners is in priority of the government.

Currently, with support and cooperation of relevant international organizations particularly the World Food Program have started distribution of forage to owners of animals in some parts of the country.

"The level of wheat production will reduce by 24 percent during the current year comparing to last year. Based on predictions of the ministry of agriculture, irrigation and livestock, more than 4 million tons of wheat will be produced this year," the MAIL spokesperson said.

According to Food and Agriculture Organization of the United Nations (FAO), Hirat, Badghis and Ghor provinces in the western region have come under extreme drought conditions and Farah is under severe drought conditions with a marked reduction in wheat production expected. Drastic reduction in rainfall has caused levels of food and water scarcity across Afghanistan.

Environmental experts believe that increasing drought is the result of direct consequences of the climate change and Afghanistan will be facing with this challenge for years.

Meanwhile, local officials for Balkh provincial department of agriculture, irrigation and livestock say more than 40 percent of agriculture crops have reduced this year due to lack of rainfall. It is said that more than 210 tons of wheat was annually produced in Balkh, but due to lack of rainfall and severe drought in the province, wheat production will considerably reduce this year.

Provincial director of agriculture, irrigation and livestock for Balkh Mohammad Alem Sayee considers lack of rainfalls and severe drought as the main cause of the low wheat production in the province.

"Climate change has caused that we have less rainfalls this year. It was determined that we could get 215 tons of wheat this year, but due to lack of rainfalls and severe drought, the wheat production has dropped by 40 percent this year," Sayee said.

He asked the government to provide modern trainings and agricultural equipment to Balkh farmers so that they could get more crops from their fields. According to Balkh local officials, lack of rainfalls in winter have dropped wheat production in the province although the government has distributed farmers with improved seeds. **Shukria Kohistani**

How laid-off coal miners are reclaiming their own economy

For generations, hundreds of thousands of West Virginia coal miners earned a good living. The money they made supported local economies in towns across Appalachia. And their labor down in deep mines brought light to the rest of the world.

But this prosperity came at a high price. Mountains were blown to pieces, rivers ran orange with mine tailings, and generations of miners suffered from black-lung disease. For over a century, the coal industry dominated the region's economy and psyche, preventing much else from taking root. Now, it's crumbling. Three of the four largest coal companies that mine half the coal in the US have gone bankrupt. There's a gaping hole in parts of Appalachia where an economy used to be.

The transition away from extractive energy, dependent on a few commodities, is not as simple as retraining miners. "You can have training programs until you're purple, but if you don't have a place to work, it's just kind of mean," said Marilyn Wrenn, the development director at Coalfield Development. "It's not like you can move out of coal mining and go work for the big data firm that opened up down the street." Recovery from the legacy of coal's decline requires a thorough regeneration of local economies from the ground up.

On one abandoned surface mine, a new story has emerged. A tractor dragged a piece of machinery, scraping its way along the scattered remains of a former mountain. A crew member pushed the accelerator, and a stone crusher chewed through the rubble. "It's eating these rocks and turning it into garden soil—and it's awesome," said Eva Jones, who drove the tractor.

The machine was capable of crushing stones up to 16 inches in diameter, and in one day, could make up to three acres of soil. In the new dirt, another crew planted an orchard. It was a mix of blackberries, hazelnuts, lavender, and pawpaws. Sustainably managed chickens, hogs, goats, and honeybees grazed and pollinated the half-farm, half-forest. Over time, these practices will capture carbon in the soil and generate income for the local West Virginians who farm the former minelands.

These efforts were the work of two enterprises founded by nonprofit Coalfield Development—an organization that seeks to restore economic diversity in a region long beholden to the wealth of just one commodity. "Whether you think coal is a good thing or a bad thing, it's not wise to have all your eggs in one basket," said Coalfield's founder, Brandon Dennison.

Before starting Coalfield, he used to lead service trips to repair dilapidated houses in his home state of West Virginia. He remembered the day that changed his perspective. During one project, two shirtless men approached him with tool belts slung over their shoulders.

China's economy is stabilizing and improving, PBOC says

China's central bank provided a more positive outlook of the economy, saying it's showing more stability and improvement even though domestic and global risks remain.

The People's Bank of China will step up its coordination with global economic policies and prevent "external shocks," the monetary policy committee said in a statement Monday at the conclusion of its quarterly meeting. The committee reiterated that China's prudent monetary policy will be targeted and reasonable, and the central bank will keep liquidity reasonably ample.

After record economic expansion in first quarter, recent indicators show growth is stabilizing and showing more balance. The PBOC has kept its policy stance unchanged this year, taking a gradual approach to curbing credit growth to tackle financial risks, while providing enough liquidity to the market to meet demand.

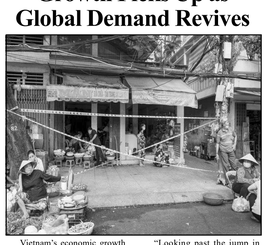
The statement indicates the committee has a more positive view on the economy than in the first quarter, when it said the recovery was "still unbalanced," Citic Securities analysts led by Ming Ming wrote in a note Tuesday. The PBOC will probably keep monetary policy stable, and is unlikely to loosen policy significantly going forward, they said.

The central bank kept the rest of the language in the statement largely unchanged. It reiterated that the macro leverage ratio, or total debt as a proportion of gross domestic product, will be kept stable, and vowed to match the expansion of money supply and aggregate financing in the economy with the nominal GDP growth rate.

The PBOC also repeated that it will boost exchange rate flexibility and keep the yuan stable at a reasonable, equilibrium level.

Huachuang Securities analysts including Zhou Guannan said the mention of "external shocks" shows the PBOC is paying more attention to the overseas policy environment amid growing signals the Federal Reserve may start to roll back its pandemic stimulus in the second half of this year. The PBOC is prepared to deal with the impact of the Fed's potential tightening because it has already started to normalize its policy, they said in a note Tuesday. bloomberg

Vietnam's Economic Growth Picks Up as Global Demand Revives



Vietnam's economic growth accelerated in the second quarter, despite the country's worst Covid outbreak yet, as global demand regained momentum.

Gross domestic product rose 6.61% in the second quarter compared to a year earlier, up from a revised 4.65% in the first quarter, the General Statistics Office said Tuesday. That compared to the median estimate of 7.2% in a Bloomberg survey of six economists.

Growth picked up on increases in industrial output as demand recovered in global markets, and as favorable weather boosted agricultural products, Nguyen Thi Huong, head of the General Statistics Office, said in a briefing in Hanoi. Increased government spending also helped drive the expansion, she said.

The country's benchmark stock index was up 0.3% as of 9:42 a.m. local time.

The economy expanded 5.64% for the first six months of the year, below the government forecast of 5.8% growth for the first half, which was already revised down from January's 6.22% outlook. The government expects GDP to grow 6%-6.5% for the full year.

Vietnam was successful at limiting infections during the early months of the pandemic, but an outbreak that began in late-April forced the temporary closure of industrial parks housing key electronics manufacturing hubs. Tenants included units of Foxconn Technology Group and suppliers of Samsung Electronics Co. and Apple Inc.

"Looking past the jump in year-on-year growth due to a weak base for comparison, GDP data suggest that Vietnam is facing a heavy economic toll from its efforts to control the virus," Gareth Leather, senior Asia economist at Capital Economics Ltd., wrote in a research note. "With sporadic outbreaks continuing, the economy is likely to suffer further in the months ahead."

The State Bank of Vietnam said last week it will hold policy rates stable in the second half of the year and pursue flexible monetary and currency policies, as it remains vigilant about rising inflation. The monetary regulator is seeking to shore up the economy amid Vietnam's worst coronavirus outbreak and slow vaccine rollout.

Consumer prices rose 2.41% in June from a year earlier. The government aims to cap average inflation at 4% this year.

"Rising inflation reduces the likelihood of further interest rate cuts, in our view. We also do not expect rate hikes, despite improving economic and credit growth," Standard Chartered Plc economist Tim Leelahaphan said in a research note. "However, the possibility of a rate hike may gradually emerge if inflation and growth accelerate faster than expected."

Other details from the report:

Exports rose 17.3% in June compared to a year earlier, while imports climbed 33.5%. For the first half of the year, exports were up 28.4% and imports rose 36.1%

Disbursed foreign direct investment rose 6.8% in the first half, while pledged FDI fell 2.6%