

## Business

# Economic crisis grips Tunisia, mutes build-up to Ramadan

## Purchasing power sinks due to soaring prices and rising unemployment

**TUNIS:** Tunisians are bracing themselves for more subdued celebrations during the Muslim holy month of Ramadan as an economic crisis grips the North African country. In past years "you wouldn't have been able to set foot in the market because it was so crowded", vegetable merchant Mohamed Doryi told AFP.

"That's not the case today," said the 69-year-old, who no longer displays his prices to avoid scaring away potential customers. Tunisians usually prepare for Ramadan — when daytime fasting is followed by festive but often costly meals with family and friends — by stocking up on large amounts of food. But this year things are different, with purchasing power greatly diminished because of soaring prices, a recession and rising unemployment. "I'm not poor, but I can't do it anymore. My pension doesn't cover my needs," said Fayka, a 65-year-old at Tunis's working-class Bab El Fella market.

"This is the first time I've bought fruits and vegetables by the piece" instead of in bulk, the retiree added, asking that only her first name be used. Tunisia has also been beset by political tensions since President Kais Saied granted himself full powers in July 2021.

A third of its 12 million people currently live below the poverty line after two years of high inflation — running at 10 percent on average per year — and the price of many foods has tripled.

GDP growth came in at 0.4 percent last year after severe drought damaged agriculture, and the country entered a recession at the end of 2023. Unemployment also rose to 16.4 percent at the end of last year, compared with 15.2 percent at the end of 2022. Economist Ridha Chkoundali says Tunisia is "experiencing a period of stagflation, which means a decline in growth and a rise in inflation". This has been caused by "the deliberate choice of public authorities to prefer to repay debt, especially external debt", he argued.

This came at "the detriment of supplying the market with basic foodstuffs and agricultural inputs" such as fertilizers and fodder. A shortage of money in the public coffers — burdened by the salaries of more than 650,000 civil servants — has meant regular shortages of basic subsidized items including flour, rice, sugar and semolina as the state has difficulties paying for them.

Tunisian banks are being asked by the state to finance the country's debt amounting to 80 percent of GDP, undermining their ability to lend to the private sector and reducing growth even more.

Chkoundali argues that a lack of resources is a result of "the choice to break with the IMF". In October 2022, the International Monetary Fund agreed in principle to lend Tunisia around \$2 billion, but Saied later rejected it on the grounds that the reforms it required in return were not sustainable.



TUNIS: People buy vegetables at the central market ahead of the holy fasting month of Ramadan, in Tunis. — AFP

In a Tunis butcher's shop, a 50-year-old woman cautiously ordered 150 grams of veal ahead of Ramadan. Red meat, which now costs more than 40 dinars (around \$13) a kilo, is a luxury in a country where the average salary is 1,000 dinars per month (about \$325). "My husband recently

passed away and I can't afford to buy more," she whispered to the butcher. Mustapha Ben Salmane, 52, told AFP that more and more customers ask for just a handful of minced meat or spicy merguez sausage. "I can't say no to them. People are exhausted," he said. — AFP

## In bitcoin's shadow, Ether stages its own rally

**NEW YORK:** Bitcoin has captured the limelight in recent weeks as it surged to a new record high, yet another major cryptocurrency, Ether, has been enjoying its own meteoric rise. Launched in 2015, Ether, also known as Ethereum, is by far the second-largest digital currency in terms of total value, now estimated at over \$460 billion. Along with other cryptocurrencies including Solana and Dogecoin, it benefited from the regulatory approval in the United States of a new bitcoin investment product, the exchange traded fund — or ETF — in mid-January, said James Butterfill of the investment company CoinShares.

These ETFs allow investors to profit from any change to the price of cryptocurrencies without having to buy them directly, while also letting them sell at any time. The launch of crypto ETFs has led to an influx of new money, sending bitcoin to a fresh record on Friday of \$70,085. Bitcoin's rise has been well-documented, but Ether's has been even more impressive, surging almost 72 percent year to date in comparison to bitcoin's 61 percent rise. This strong performance is largely due to "expectations that an Ethereum ETF could be approved in the United States," according to Dessislava Aubert of research firm Kaiko. Several asset management companies have applied for authorization from the US financial markets regulator, the Securities and Exchange Commission (SEC), to market these Ether investment products.



The SEC must rule on the first such applications, from VanEck and Ark 21Shares, by May 23 at the latest. "Ethereum has started to wake up as investors are anticipating a potential approval," Michael van de Poppe of MN Trading told AFP, adding that "people are rotating from Bitcoin to Ethereum as a potential investment opportunity."

Beyond the ETF effect, the digital currency dreamed up by Russian programmer Vitaly Buterin has several other cards up its sleeve. For Simon Peters of cryptocurrency exchange eToro, Ethereum is also buoyed by the prospect of "Dencun," a major upgrade to the technology underlying this digital currency, scheduled for March 13. This major change will improve transaction processing capacity and cut transaction costs, but also has the potential to unleash the growth of an ecosystem with multiple applications. "Bitcoin's primary use is as store of value, while Ethereum has much more potential use cases," Peters told AFP. For example, it is the destination of choice for non-fungible tokens — or NFTs — the certificates of digital authenticity that caused such a stir three years ago.

The two cryptocurrencies are not in direct competition, according to van de Poppe from MN Trading, because Bitcoin is "hard money," while Ether "is basically an investment for the entire blockchain and smart contract ecosystem." Ethereum has already successfully negotiated two major technical transformations in recent years, including the switch to a less energy-intensive system in September 2022.

James Butterfill said there is "increasing optimism" that a "Dencun" upgrade will "go without a hitch," which would reinforce the currency's credibility. He added that Ether, by the very nature of its operation, offers the "added benefit" of interest generated by its holders. The mechanism for creating this currency involves owners putting up existing Ether coins as collateral in a process known as "Proof of Stake," which differs from bitcoin's energy-intensive method involving highly complex calculations, known as "Proof of Work." Ether investors who agree to put up some or all of their holdings receive a fee of a few percent a year, in addition to any potential capital gain if the currency appreciates in value. — AFP



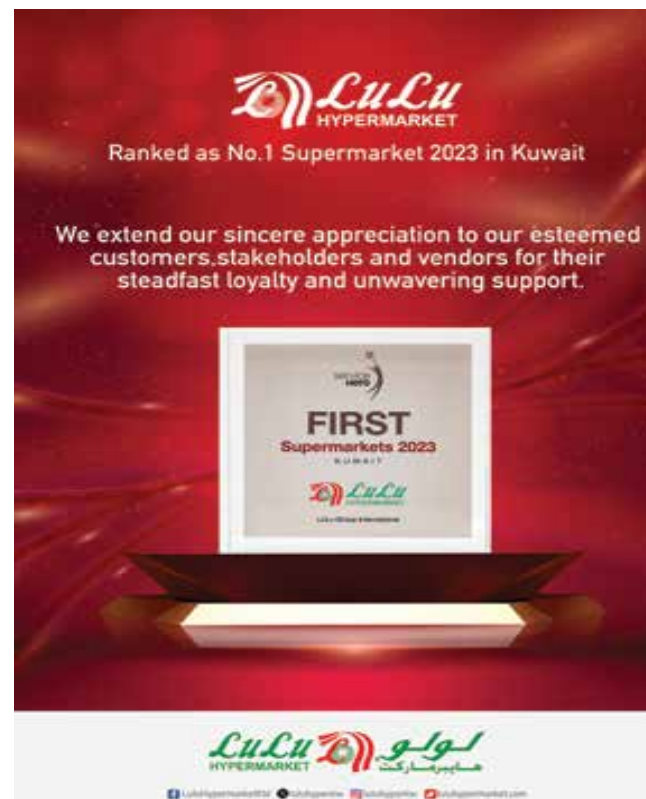
Mohammed Haris (right) receives 'Service Hero' Award from Faten Abu-Ghazaleh for LuLu Hypermarket.

## LuLu Hypermarket wins 'Service Hero' award for third year in a row

**KUWAIT:** LuLu Hypermarket, the leading retailer, has once again earned the prestigious "Service Hero 2023 Customer Service Assessment" award. This achievement marks the third consecutive year that the brand has been honored as the best supermarket of 2023 for its exceptional customer service, reaffirming its commitment to exceeding customer expectations.

This latest recognition marks the fifth time LuLu Hypermarket has been honored by the annual Service Hero Customer Satisfaction Index Awards program. The hypermarket has previously been recognized for their outstanding service, receiving the "Service Hero Service Assessment Award" in 2013, 2014, 2021, and in 2022 was acknowledged as the "Best Specialty Store".

In a media statement issued after receiving the "Service Hero 2023" award, top LuLu Hypermarket management in Kuwait expressed their gratitude and appreciation to all their valued customers, well-wishers, vendors and other stakeholders for their overwhelming vote of confidence in the brand. The statement also underlined the hypermarket's pride in winning the Arab



world's only customer satisfaction index that is based solely on consumer perceptions.

The "Service Hero" award is highly regarded among retailers in Kuwait as it provides a benchmark on service excellence based on a customer satisfaction index. Winning this award reflects the deep-rooted loyalty and popularity that LuLu Hypermarket enjoys among shoppers in Kuwait. To secure the 2023 award, LuLu Hypermarket underwent a rigorous and comprehensive assessment process. Evaluators meticulously examined various aspects of the customer experience, including the quality and variety of product offerings, reliability and speed of service delivery, staff attitude and professionalism, and the overall convenience offered by factors like store location, value for money, and hygiene. Additionally, product availability, the functionality and usability of their online presence, were also scrutinized.

Launched in 2010, the "Service Hero Awards" stand alone as the only national consumer satisfaction index in Kuwait that relies solely on customer feedback. The assessment process is overseen by an independent advisory council, ensuring transparency and credibility. LuLu Hypermarket's consistent recognition by the "Service Hero" awards program is a testament to their dedication to customer service excellence. The unwavering commitment to exceeding customer expectations cements the brand's leading position within the Kuwaiti retail landscape.

## Nigeria targets cryptocurrency to halt naira freefall

**LAGOS:** The world's biggest cryptocurrency exchange Binance is halting operations in Nigeria's naira currency as the government puts crypto-businesses under increasing scrutiny. The decision came after authorities in Africa's biggest economy imposed restrictions on cryptocurrency exchanges as part of attempts to halt the sliding value of the local currency.

Nigeria's central bank governor, Olayemi Cardoso, said at the end of last month that cryptocurrency exchanges were conduits for money laundering. He singled out Binance as the biggest culprit. "Certain practices go on that indicate illicit flows going through a number of these entities," Cardoso said.

"In the case of Binance, in the last one year alone, \$26 billion has passed through Binance Nigeria from sources and users who we cannot adequately identify."

Changpeng Zhao, who was head of Binance, has pleaded guilty to violating anti-money laundering laws in the United States. With the naira weakening almost daily, crypto exchanges have been seen as one way Nigerians can protect their money against the currency's plummet. Since the government floated the naira in May, the currency has fallen from around 410 to the dollar to around 1,600 naira to the greenback on the official exchange. In late February, a dollar was exchanged for as much as 1,900 naira on the black market.

Officials have accused crypto exchanges of distorting foreign exchange rates, contributing to the naira's weakening. Binance did not immediately respond to AFP's request for comment on the allegations. But in an email sent to its Nigerian users, the crypto giant said it was shutting down all its naira-based services on March 8.

"This affects NGN services only, you can continue to make use of services and products for other available cryptocurrencies," the crypto giant said in the email seen by AFP, referring to the naira trading symbol NGN. Local media reported that two officials of the company who flew into Nigeria to negotiate with the government were detained and their passports seized.

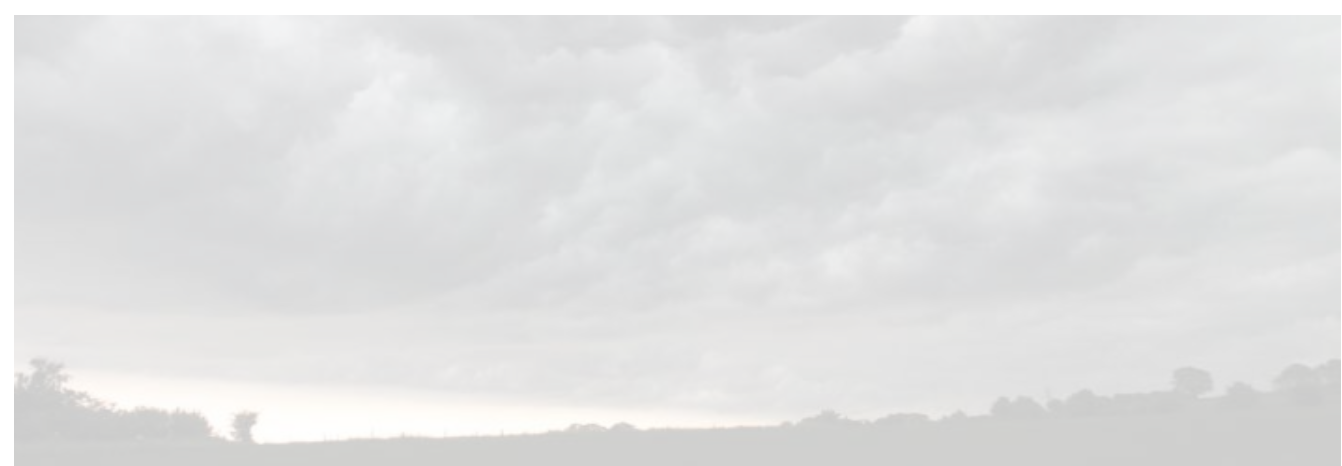
Nigerian officials have not confirmed those arrests, but lawmakers are also considering issuing arrest warrants for the company's top executives for "ignoring invitations". — AFP

## Storm clouds gather over EU's Green Deal

**BRUSSELS:** The EU's Green Deal — once a core Brussels mission — is looking increasingly under threat in the bloc's upcoming elections as resistance grows to its costs and consequences. Farmers' protests, consumer cost-of-living worries and some countries' hesitation are already undercutting the ambitious plan to make the European Union carbon-neutral by 2050.

"The European Green Deal is our new growth strategy," European Commission chief Ursula von der Leyen announced back at the start of her mandate in 2019, as she unveiled dozens of pieces of legislation to meet climate targets agreed by EU member countries.

Five years on, the tone has changed. Now, industry and farmers denounce the new "burdens" being piled upon them. Member states, including France, are calling for a "pause" in further measures. "This backlash is centered on the agricultural area. It's not been true for energy, industry, transports," argued Pascal Canfin, chair of the European Parliament's environment committee. He blames what he calls a "polarization strategy" by right-wing parties. Many of the Green Deal's laws have been adopted: an end to selling internal-combustion engine cars by 2035; a border carbon tax; rules against importing goods from deforested zones.



But momentum stalled last year with legislation to reduce chemical pesticides and to restore wilderness ecosystems — opposed on grounds they could undermine food production in the bloc.

The biggest group in the European Parliament, the conservative European People's Party (EPP), from which von der Leyen hails, has made the shift an electoral gambit. "It's easy to fix a figure. But it's more difficult to really make the transition happen in industry and also with the citizens," said a German EPP lawmaker, Peter Liese. Farmland and forestry "should be protected much more" and farmers should not be seen "as an enemy of climate policy", he said.

The climate crisis is becoming "a real identity politics issue" caught up in the farmers' protests, said

Susi Dennison, of the think tank the European Council on Foreign Relations. It is being cast as "an either-or choice — between either you do climate, or you are concerned about the economic picture," she said. "There isn't really a strong enough response to that false dichotomy from progressive groups," Dennison said. On the left in the parliament, Iratxe Garcia, of the Socialists & Democrats, laid the blame at the feet of "the extreme right and the EPP," accusing them of "trying to mix everything and to confuse the debate". "What the conservatives are doing is trying to send the message that we have to choose between the farmers and the Green Deal," Garcia said, calling that "really irresponsible". "The transition — we have to do it. And we are prepared to confront, to speak, to explain," she