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US and China trade insults but posturing hides need for a deal

By Elliot Wilson and Steve Gilmore

A fresh battle of words and policies broke out between China and the US on Tuesday, as each side resorted to a mix of defensive and belligerent rhetoric to paint itself as a saint in the ongoing trade war — and the adversary as a sinner.

US treasury secretary Scott Bessent accused China of seeking to “pull everybody else down with them” by damaging the global economy. Almost immediately, in an apparently pre-planned statement, China's commerce ministry accused the US of intimidation, pledging that the country would “fight to the end” in trade competition.

The slanging match raises fears around the world that the world's two superpowers will continue to scratch at each other, rather than do what would help global trade and settle down and make a deal.

Daniel Yergin, vice-chair of S&P Global, said the strife was part of “the unravelling of nine decades of moving towards open trade, eight decades of movement towards alliances and relationships, and... the end of a three-and-a-half-decade period of what's called the Second Age of Globalisation.”

The trade brawl, which began in earnest when Donald Trump became US president in 2016,



Xi Jinping and Donald Trump: war of words

kicked off again on October 9 when China slapped wide new restrictions on exports of rare earth elements. Trump threatened an additional 100% tariff on Chinese imports. Both parties hiked port fees on the other's cargo ships and China sanctioned the US subsidiaries of a South Korean shipping firm — part of a dispute over global maritime dominance.

The big question is whether the two can reach a compromise without losing face. Behind the scenes, both administrations are quietly seeking to de-escalate.

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IFC's fossil fuel lending breaks international law, NGOs argue

By Jon Hay

Civil society groups are hoping an opinion from the International Court of Justice will force the World Bank Group to carry out more thorough due diligence on projects with high carbon emissions and cut down its financing of fossil fuel infrastructure.

Bank Climate Advocates, a US NGO that has been leading an engagement on this issue for several years, wrote to leaders of the World Bank Group on October 10, requesting that they explain their response to the ICJ opinion

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Ukraine expects EU's frozen Russian reserves plan to be 'replicable'

By Francesca Young and Steve Gilmore

European Union policymakers are discussing whether and how to use €170bn of reserves belonging to the Bank of Russia, which has been frozen at Euroclear, to help Ukraine. Yuriy Butsa, the head of Ukraine's debt management office, told *GlobalMarkets* he was anticipating “a solution that is robust and scalable”.

Amid wider discussion about the G7 taking coordinated action, one of the critical questions is whether Ukraine's allies will start to channel the principal of Russian assets to Ukraine.

At the start of Russia's full invasion of Ukraine in 2022, the US and its allies froze Russian foreign exchange reserves in their jurisdictions.

Russia's FX reserves were estimated in the West at \$280bn

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Zelensky: meeting Trump on Friday

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Beginnings never end

US, China need deal

Continued from page 1

Beijing has quelled criticism of the US in its state media and is eager for Trump and President Xi Jinping to meet at the Asia-Pacific Economic Cooperation forum on October 31. Trump wants to soothe markets and focus attention on the Gaza ceasefire deal.

SMILES AND SNARLS

But even if a compromise is reached at the end of this month, it will not be the end of the matter. Smiles will soon turn to snarls. This wrangling is now part of the geopolitical reality, something corporate chiefs, fund managers and analysts instinctively factor into business plans and earnings forecasts.

Many around the world are hoping both sides can climb down. Trump has been an avid advocate of tariffs since the 1980s, making it hard to see him changing. “I do think they are going to raise tariffs on China,” said Anne Stevenson-Yang, managing principal at US-based equity research firm J Capital Research.

Beijing has shown no intention of tempering its position on rare earths, probably its most powerful bargaining chip. Its stranglehold on them strikes fear into America’s military apparatus (*see back page story*).

Yergin drew a clear contrast. When last week’s crisis broke, he was in Beijing and noticed a “sense of calm. They were prepared. They were ready for it.”

The US, meanwhile, was waking up to China controlling critical minerals. “If you were here [in Washington] on Thursday or Friday, there was a real sense of crisis about it,” said Yergin. “You hear the CEO of a major automobile company say ‘we’re going to run out in a week and a half. Can we please do something?’ You know this is a serious situation.”

Anna Rosenberg, head of geopolitics at the Amundi Investment Institute, said China’s control over rare earths showed its clout. “This leverage increases the risks over Taiwan,” she said. “I do not expect a military escalation here, but nevertheless, the risk of a political takeover is clearly increasing.”

DE-ESCALATION IN THE BALANCE

Neither side wants to get stuck in a cycle of grim-faced appeasement and renewed recrimination. Trump’s team know any attempt to hike tariffs on China will merely cause unpopular inflation at home.

Beijing has enough on its plate, too: rising social tensions, youth unemployment and a moribund property sector are a huge drag on growth. Yet it cannot refrain from retaliating when hit by US sanctions and tariffs. “Xi Jinping and China’s domestic politics

will not allow that to happen without resistance,” says Yunnan Chen, a research fellow at ODI Global, a thinktank in London.

Dean Woodley Ball, senior fellow at the Foundation for American Innovation, said China was willing to control exports of anything made with Chinese rare earth metals, anywhere in the world.

“This is profoundly broader than any export control regime of recent vintage created by the United States or any other country,” he said. “However, the shift depends on the extent of enforcement, which in the early days I expect to be modest. Still, it is a major warning shot every country in the world should hear, internalise and react to. I am hopeful that this process is under way.”

But some analysts are pessimistic. “I don’t see a lot of cool heads prevailing,” said Emily Kilcrease, director of the energy, economics and security program at the Center for a New American Security.

She said the best case scenario was a return to the rocky relationship of previous years. “There’s no grand bargain to be struck,” she said. “The two economic systems are so opposed to each other. China has shown no intention to move away from its export-driven growth model, which is a large part of what has led to this tension.”

Chen wondered: “Who is losing more from this trade war? Everyone is hurting to some extent.”

ICJ climate opinion

Continued from page 1

during and after the Annual Meetings.

In July the ICJ answered a question asked by the UN General Assembly: what are states’ obligations under international law to protect the climate from greenhouse gas emissions, and what are the legal consequences for failure?

The Court found unanimously that, under customary international law, “States have a duty to prevent significant harm to the environment by acting with due diligence and to use all means at their disposal to prevent activities carried out within their jurisdiction or control from causing significant harm to the climate system.”

They should use “regulatory mitigation mechanisms ... to achieve the deep, rapid, and sustained reductions of GHG emissions that are necessary for the prevention” of that harm. It specifically referred to government support for fossil fuels as potentially constituting “an internationally wrongful act”.

This duty includes when states are governing public entities, the Court said.

Jason Weiner, executive director at Bank Climate Advocates, said: “The opinion makes very clear what stringent due diligence requirements are for member states when acting at the World Bank Group and that their suite of climate change policies... are far out of alignment with their climate change obligations.”

BCA believes multiple precedents in international law require that MDBs themselves are bound by the obligations of their member states.

As part of a multi-year campaign, 26 NGOs, many of them from Africa, Asia and Latin America, wrote in December 2023 to the Compliance Advisor

Ombudsman, the independent accountability mechanism for the IFC and MIGA.

They complained that “the IFC has committed itself to specific, project-level and systemic GHG policies, and is flagrantly violating them at communities’ severe expense”.

They argued that the IFC was quantifying the impacts of its investments inadequately and approving projects that harm the climate.

When assessing projects with high greenhouse gas emissions, the IFC regularly failed to properly consider lower carbon alternatives, or publish detailed analysis of why these alternatives were not considered or were rejected.

CRITICISM FROM OMBUDSMAN

In October 2024 the CAO published an advisory note which in BCA’s view agreed with its complaints.

The CAO reported that in 21 out of 27 cases it examined where the IFC should have performed an analysis of whether alternative technologies could achieve the same aim as a financed project, with lower emissions, “critical elements” of established good international industry practice were missing.

In January, NGOs wrote to Ajay Banga, president of the WBG, and Makhtar Diop, managing director of the International Finance Corp, requesting that the IFC implement the CAO’s recommendations.

In April, the IFC wrote back, not agreeing to do so, but saying “we closely follow legal developments that are relevant to the IFC as an international organiza-

tion... climate related questions... being considered by the International Court of Justice... are of great interest.”

However, since the ICJ gave its opinion, the WBG has not said anything to BCA. “There’s been no indication that it would be a topic at this year’s annual board meetings,” said Weiner. “Meanwhile the communities they are supposed to be benefitting at the World Bank Group

are being devastated by climate change. The IFC is not doing anything to commit to improve its practices.”

Asked to comment, a World Bank Group spokesperson said: “Doing development the right way — smart, high quality, and fiscally responsible — means building resilience into everything we do. We surpassed our own projection that at least 45% of our development finance should produce climate co-benefits for our clients by fiscal 2025 — reaching 48% this past year.”

On Monday afternoon in Washington Banga and Diop participated in a town hall meeting with civil society organisations.

In reply to a question about the IFC’s response to a scandal in which it indirectly financed 10 coal power plants in the Philippines, Diop said: “We are listening very carefully, and learning from mistakes done in the past. [They] are being corrected in a systematic way. Mistakes will happen in the future — that’s the nature of life — but the question is how fast do you catch it and react to it?”



Diop: ‘we are listening very carefully, and learning from mistakes’

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Ukrainian hopes rise of reserves-backed loan for \$23bn funding gap

Continued from page 1

in 2023; other reports such as by the Central Bank of Russia said \$300bn-\$330bn.

Most are euro and dollar debt securities. Euroclear is reported to manage about \$200bn (€170bn) of them for the Bank of Russia, about 90% of what is frozen in the EU, while France holds much of the rest. The US holds around \$5bn.

During last year's IMF Annual Meeting, the US agreed to lend \$20bn to Ukraine as part of a \$50bn G7 loan, to be repaid from the interest earned on frozen Russian sovereign assets.

Now European politicians are discussing using the principal. Russia would get repaid if it compensated Ukraine for inflicted damages. This could unlock a further €140bn for Ukraine.

Butsa hopes that if European agreement is reached, others will follow.

"The proposed mechanism should ultimately serve as a replicable blueprint for other countries where Russian sovereign assets remain frozen," he said.

Valdis Dombrovskis, EU commissioner for economy and productivity, told delegates at the Institute of International Finance Annual Members' Meeting this week that there had been progress on that front: "It is positive that we were able to agree at the G7 level — at finance ministers' level on October 1 — that we would work in a coordinated way to use those cash balances from Russian assets for Ukraine's support, because there are also Russian immobilised assets in other G7 jurisdictions, including the United States."

A coordinated action by the EU and US would help allay European Central Bank concerns that confiscating Russian assets on its own could undermine the euro's global credibility.

US president Donald Trump is due to meet President Volodymyr Zelensky of

Ukraine on Friday, reportedly to talk about weapons systems.

William Jackson, chief emerging markets economist at Capital Economics, said Zelensky might also use the meeting to raise the question of US-held Russian reserves. "It has a reasonable chance of success," he said. "The Ukrainian government is obviously keen to push the idea of using frozen foreign exchange reserves to pay for defence and reconstruction. Trump on the other hand seems to want to be in a position to sell weapons to Ukraine without the US funding it — earlier this year the cost of the war was moved more on to Europe."

WAR OF ATTRITION

Butsa said the war had become one of attrition. Preparing its draft budget for 2026, Ukraine has assumed the pressure on public finances will not diminish. The country's funding gap is substantial — it expects to need more than \$23bn on top of existing commitments.

He described proposals to use the Russian principal as "the most efficient and morally sound way to mobilise the necessary resources for both Ukraine's budgetary stability and our military sustainment".

Butsa said he hoped that during the Annual Meetings there would be greater clarity and commitment on multi-year budget and off-budget financing mechanisms for Ukraine.

"Crucially, these must be both sufficiently sizeable and structured to be neutral with respect to our debt sustainability," he said.

Dombrovskis said the EU and member states together had provided about €177bn in support and stood ready to provide more but that the IMF was "rightly concerned" about debt sustainability.

"So we cannot just continue our



Butsa: seeking robust solution

approach of providing more loans," said Dombrovskis. "What we are doing here, with this reparation loan, is based on the idea that we have cash balances which have accumulated in European financial institutions because Russian assets are immobilised. We're not confiscating the assets — the EU is not doing so — but we are following through on a European Council decision, which has also been a G7 decision, that Russian assets should stay immobilised for as long as Russia has not paid reparations."

He described the move to take the accumulated cash balances and provide a non-recourse loan to Ukraine, which Ukraine only needs to repay once Russia pays reparations, as "operationalising this decision".

"This approach ticks some important boxes," said Dombrovskis. "It addresses debt sustainability, because the loan does not create an additional burden — Ukraine only repays once Russia pays reparations. It also falls short of confiscation, as not all EU member states agree to confiscation, and it can still provide a very sizeable amount of support."

Continued from back page

Race for rare earths as China clamps down

CEO, said it had become "painfully clear that the United States has allowed itself to become too reliant on unreliable sources of critical minerals, products and manufacturing — all of which are essential for our national security".

Critical Metals Corp stock shot up 55% on Monday and USA Rare Earth 19%. MP Materials shares climbed 21%, and are now up 480% since the start of the year.

The impact on the rest of the US economy, however, is likely to be severe.

China has signalled that it remains open to negotiation. But even if non-military uses are not explicitly banned, the Chinese export regime has already proved it can disrupt Western manufacturing.

In June, Ford CEO Jim Farley said a rare earth mineral shortage — following a new Chinese licensing system — had forced it to halt production at one of its plants. In September, the EU Chamber of Commerce in China said a shortage of rare earth products had forced multiple European firms to pause operations.

These latest export controls have shocked analysts by their breadth. They encompass huge swathes of the lithium ion battery supply chain and extend to specific technologies used in things like rare earth processing. "Now it's not only the raw materials being restricted — it's the actual IP around producing them," Berry said.

Security analysts have suggested that these new tech restrictions are directly aimed at third countries like Pakistan, which began exporting processed rare earths to the US at the start of this month. China's foreign ministry denied this on Monday.

Given the escalatory spiral, the Pentagon's stockpiling strategy makes sense in the short term, security analysts said. But the sheer extent of US vulnerability to China's rare earth dominance has redoubled calls for an Operation Warp Speed devoted to critical mineral supply chains. That would cost far more than \$1bn.

"We need to spend [many] times that on the raw materials and the processing in order to really compete with China," Berry said. "I can build a lithium refinery here in the US for \$1bn, but we need 10."

Ethiopian bond talks fail *Continued from back page*

its 2015 restructuring, but it did not cap payments and ended up paying more to bondholders than if it had not restructured in the first place.

In Ghana's Eurobond restructuring talks, bondholders pushed for a VRI, but the government resisted, and won out. Zambia, Sri Lanka and Suriname included VRIs in their debt restructurings.

Zambia's triggers were debt carrying capacity assessments and the value of dollar exports and revenue; Sri Lanka's were linked to GDP growth; and Suriname's based on oil royalties.

NEED FOR COMPARABILITY CAN BE DIFFICULT

Ethiopia's ability to agree terms with Eurobond holders is constrained by the terms of July's MoU with official bilateral creditors.

That supposedly requires Ethiopia to seek comparability of treatment — a cornerstone of G20 Common Framework debt talks — with other creditors, including bondholders, the committee said.

To address this, the bondholder group offered not only to receive higher payments if Ethiopia outperformed metrics,

but less cash if it underperformed. Sri Lanka's VRI in 2024 was also two way.

One problem for bondholders in restructurings has been that they are not party to the terms of agreements between issuers and official creditors, which makes it difficult to ensure that their proposals achieve comparability of treatment.

This time, the committee said it made "substantial" efforts to align its proposals with its understanding of Ethiopia's commitments to comparability of treatment. But no deal has emerged.

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Fund strives to reconcile rival visions on trade

By overthrowing decades of orthodoxy on international trade policy, the Trump administration and its sweeping tariffs have put the International Monetary Fund in a quandary. Can it defend the free trade it believes in, or must it adapt to a new paradigm?

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ARAB BANK: BLENDING RICH HISTORY WITH A DIGITAL FUTURE

For more than nine decades, Arab Bank has been a pillar of Middle Eastern finance. Across operations spanning four continents, the bank combines deep regional roots with a global reach, serving its customers across retail, corporate and institutional segments. “Our strength lies in being able to serve clients across geographies with the same focus on trust, innovation and impact,” says Randa Sadik, CEO of Arab Bank. “We are building on our heritage, while making bold investments in the future of banking.”

In the first half of 2025, Arab Bank reported net income of \$535.3m, up 6% year-on-year, while assets rose 9% to \$75.2bn — an impressive performance that reflects a forward-looking growth strategy. Two elements at the heart of this strategy are network banking and digital transformation. The bank has been investing significantly in upgrading its technology and security platforms, from mobile-first services to advanced data analytics. API banking and AI-powered tools are being deployed across business lines, offering faster, more personalized experiences. The bank’s digital banking platform “Reflect” is gaining momentum, while its Banking-as-a-Service proposition “Omnify” has been building good traction to embed Arab Bank financial API services with Fintechs and large corporate clients.

“Digital is no longer a channel — it is core to how we interact with customers,” says Sadik. The bank’s fully integrated mobile apps and digital portals are being extended to SMEs and Corporate clients with a robust cross-border value proposition, supporting trade finance and treasury services.



“AI will be a core component of the design of our new products and digital journeys”

Randa Sadik, CEO of Arab Bank

NEXT GENERATION BANKING

For Arab Bank, the future lies beyond banking, while continuously raising the bar in refining its customer-centric design and approach to better serve its customers. To maintain its digital relevance in the years to come, the bank focuses on cementing solid and seamless integrations between its digital touchpoints and the wide range of ecosystem parties that will contribute in integrating new value-add services into its consumer and corporate offering.

“AI will be a core component of the design of our new products and digital journeys. We’ll be leveraging agentic AI to make our processes near-instant, around the clock, with the necessary guardrails and human in the loop,” says Sadik. “Our next generation digital

engagement platform will embed conversational AI to provide consistent and personalized voice-based interaction with our customers that goes beyond general product and service enquiries.”

In the world of payment, near-real time execution is the new norm, domestically and cross-border. Payment has been core to banking services and will be subject to major modernization to meet the needs of the bank’s individual customers and corporate clients.

MAKING THE FUTURE HAPPEN

The bank’s continuous transformation and simplification of customer journeys is widening financial access, particularly for younger and underbanked segments. “Inclusion is a priority for us,” Sadik says. “By leveraging digital tools, we are making banking more accessible, secure and relevant to the next generation.”

This focus on people extends across both customers and employees. A defining feature of Arab Bank’s longevity is its focus on talent that the bank is developing through structured graduate programmes, career mobility schemes and digital learning tools, designed to equip Arab Bank personnel with the skills needed for a fast-changing financial ecosystem.

“Banking is ultimately a people business,” Sadik explains. “Technology is an essential enabler, but it is our people who build trust in the

way we design our digital solutions and engage with our customers, solving problems and operating as one organization to deliver true value to customers every day.”

Arab Bank has also placed sustainability at the center of its operations. The bank has developed frameworks for financing renewable energy, green buildings and social projects, while embedding environmental and social considerations into its risk management processes.

“Our role goes beyond financial intermediation,” says Sadik. “We are committed to supporting the region’s transition to a more sustainable and resilient economy.” The bank has entered into agreements with international development institutions to co-finance green projects and continues to align its policies with global ESG standards. At the same time, Arab Bank is working to reduce its own footprint through energy-efficient branches and digital-first operations. It promotes governance best practice and social responsibility, from financial literacy initiatives to community development programmes.

LOOKING AHEAD

Ultimately, what distinguishes Arab Bank is the combination of longstanding presence, broad connectivity, customer focus, continuous innovation and a resilient business model. “Over the decades, we have built deep local knowledge in every country where we operate,” says Sadik. “That history has translated into strong relationships and a high level of trust with our customers, many of whom have been with us for generations.”

At the same time, few institutions can match Arab Bank’s geographic spread, from North Africa and the Levant to Europe and Asia. That network provides customers with a partner that is both global and local, equally capable of structuring complex cross-border deals and delivering retail banking at scale.

Together with a diversified, forward-looking business model these qualities underpin Arab Bank’s ambition to grow and evolve as a trusted banking partner for both individuals and corporations. “We are not just reacting to change — we are helping to shape it,” says Sadik. “Whether through digital innovation, sustainable finance or investing in our people, we are determined to build a bank that is fit for the future and true to its values.” ●

KEY DATA

First half of 2025

- Total assets: \$75.2bn
- Post-tax net income: \$535.3m
- Capital adequacy ratio: 17.1%
- Loan-to-deposit ratio: 72%



QNB GROUP: DELIVERING GROWTH AND STRATEGIC LEADERSHIP

QNB's vision is to build on a market-leading position in the Middle East and become one of the strongest banks across Africa and Southeast Asia as well. Such ambition requires sound strategy and financial firepower — QNB has both.

In the domestic market, the bank has long been a lynchpin of Qatar's economic development. A prime example is its ongoing role in the North Field expansion project, which aims to raise domestic liquefied natural gas production by 85% by 2030. The project is intended to reinforce Qatar's position as a global leader in energy, petrochemicals and fertilisers.

Beyond energy, QNB has participated in a landmark syndication for Ooredoo, enabling the telecommunications group to expand its capacity and infrastructure through state-of-the-art data centres. This economy-spanning activity helped the bank post an 8% rise in net profit to an impressive \$4.6bn in 2024.

But QNB is not simply focussed on its own results. "At home and abroad, the bank defines its purpose as promoting prosperity and growth in the societies where it operates," says Abdulla Mubarak Al-Khalifa, Chief Executive Officer of QNB. "This role is closely aligned with Qatar National Vision 2030, which aims to transform the state into a knowledge-based economy."

Within this framework, QNB has financed national strategic projects in infrastructure and investment, while facilitating access to credit for small and medium-sized enterprises, local businesses and entrepreneurs. This same approach extends beyond Qatar. Through its subsidiaries, QNB is supporting major corporates, SMEs and financial institutions, including in Turkey and Egypt.

The bank has a network spanning 28 countries across the Middle East, Asia, Africa and Europe and wants to help drive economic growth across markets. The balance sheet reflects the scale of the franchise. At the end of 2024, total assets stood at \$356.5bn, with net profit of \$4.6bn.

STRATEGY AND SUSTAINABILITY

The bank's long-term direction is built on three interlinked pillars: a focus on its core role as an international wholesale bank, leveraging innovation as a strategic enabler and embedding sustainability across its business and operating model.

The innovation agenda centres on capturing



“At home and abroad, the bank defines its purpose as promoting prosperity and growth in the societies where it operates”

Abdulla Mubarak Al-Khalifa, Chief Executive Officer of QNB Group

the potential of open banking, platforms, data and analytics, artificial intelligence, digitisation, robotics and automation. Alongside these priorities, the bank has embedded sustainability into its operating framework, with the aim of delivering positive outcomes across environmental, social and governance themes.

This commitment has been formalised through the QNB Group Sustainable Finance and Product Framework, which allows the bank to structure products such as green loans, bonds, deposits, sustainability-linked loans and transition finance. The Framework is designed to expand the range of ESG-themed opportunities available to clients, while supporting positive impact for society and the environment.

Sustainability considerations have also been incorporated into the bank's group-wide risk appetite and enterprise risk management framework, cascading through all activities and operations.

"The most impactful way to address the topic of sustainability is through our financing activities," says Al-Khalifa. "The bank is today recognised as a leader and pioneer in ESG financing, both in Qatar and the wider region."

INNOVATION, DIFFERENTIATION AND SCALE

Alongside sustainability, digital transformation is another area of emphasis. The bank has invested in digitisation, automation, data and

analytics, artificial intelligence and open banking as strategic themes to enhance customer experience and value proposition. By identifying emerging long-term trends that are strategically relevant, QNB has sought to generate meaningful contributions to the bottom line, whether through new revenue opportunities or cost savings.

Differentiation within the competitive MEA market is built on several foundations. QNB highlights its strong credit ratings, brand value, relationships and international network. It is among the highest-rated banks in the region by S&P (A+), Moody's (Aa2) and Fitch (A+). These ratings are supported by close relationships with both government and private sector clients across its footprint.

"At QNB, we innovate by embracing new technologies and strategic partnerships to deliver meaningful impact on the bottom line, reinforcing our position as a leading bank in the region and further afield," says Al-Khalifa. ●

KEY DATA End 2024

- Total assets: \$356.5bn
- Net profit: \$4.6bn
- Capital adequacy ratio: 19.2%
- Loan-to-deposit ratio: 96.8%

NBK: DRIVING GROWTH, SUSTAINABILITY AND INNOVATION ACROSS BORDERS



National Bank of Kuwait has been a pillar of Kuwait's financial system for more than seven decades. Founded in 1952 as the first local bank and shareholding company in the Gulf Cooperation Council region, NBK is now Kuwait's largest financial institution and a leading regional player, with operations across the MENA region, Europe, Asia and the United States.

Combining conventional and Islamic Banking (through subsidiary Boubyan Bank) under one roof, NBK has built a reputation for financial strength, prudent governance and innovation.

"NBK's ability to deliver consistent growth while advancing Kuwait's sustainable economic transformation reflects the strength of our diversified business model and the dedication of our people," says Isam Al-Sager, Vice-Chairman and Group Chief Executive Officer of NBK.

The group delivered another record year in 2024, posting net profit of KD 600.1m — a 7% increase year-on-year — supported by robust loan growth and strong asset quality.

Momentum continued into the first half of 2025, with net profit rising 7.8% year-on-year to KD 315.3m. Total assets climbed 15.9% to KD 43.6bn as of June 2025, while customer deposits reached KD 23.9bn, up 9.5%, and a capital adequacy ratio of 16.4% — well above regulatory requirements — underscore NBK's financial resilience.

"Our performance reflects a balanced approach — pursuing growth while maintaining strong liquidity, solvency and asset quality," says Al-Sager. "This ensures NBK is well positioned to support clients and the economy through changing market cycles."

KEY DATA First half of 2025

- Total assets: KD 43.6bn (\$143bn)
- Net profit: KD 315.3m (\$1.03bn)
- Capital adequacy ratio: 16.4%

LEADERSHIP IN SUSTAINABLE FINANCE

NBK is at the forefront of Kuwait's shift towards sustainable finance. The Bank's sustainable assets portfolio reached nearly \$5bn at the end of 2024, approaching half of the 2030 target.

The successful issuance of Kuwait's first \$500m green bond marked a milestone for the country's capital markets and demonstrated strong investor appetite for climate-aligned finance. The bank has also grown its ICMA-aligned green loan portfolio to \$625m, financing renewable energy, green buildings, water efficiency and climate-resilient infrastructure.

"The integration of environmental, social and governance principles into our strategy is a core priority," says Al-Sager. "We aim to be the leading bank in supporting Kuwait's low-carbon transition strategy while delivering long-term value to stakeholders."

As part of its ongoing commitment to environmental sustainability, NBK has successfully reduced its greenhouse gas emissions by 28.3%, exceeding its original target of 25%. This achievement was driven by the implementation of energy efficiency measures and the installation of clean solar energy solutions across 18 branches.

In line with its dedication to transparency and accountability, NBK also published its inaugural Taskforce on Climate-related Financial Disclosures (TCFD) Climate Report, alongside its Green Bond Allocation and Impact Report.

Digital transformation remains central to NBK's growth. More than 90 digital enhancements were introduced in 2024, from new NBK Mobile App features to strategic fintech partnerships. The launch and expansion of Weyay — Kuwait's first digital-only bank — has strengthened NBK's appeal among younger, tech-savvy customers and serves as a model for next generation banking.

"These innovations deliver a seamless, secure and engaging customer experience, while driving efficiency and expanding our reach," says Al-Sager. "Digital leadership is not just about technology; it is about creating new value propositions for clients."

INVESTING IN PEOPLE, COMMUNITIES AND KUWAIT'S FUTURE

NBK's investment in human capital is matched by its commitment to social impact. The workforce is 78% Kuwaiti, supported by programmes such as NBK Academy, NBK Tech Academy and NBK RISE, which foster leadership development



“ We are committed to driving progress, fostering innovation and creating opportunities that will benefit generations to come ”

Isam Al-Sager, Vice-Chairman and Group CEO, NBK

and promote gender diversity. By the end of 2024, women accounted for 43.2% of the workforce and 27.4% of leadership roles.

"Inclusion and talent development are at the heart of NBK's growth story," says Al-Sager. "By empowering our people, we create the capabilities needed to serve clients and communities for decades to come."

In 2024, NBK contributed KD 30m to community initiatives in health, education and social welfare. Financial literacy campaigns such as the Bankee programme and the "Let's Be Aware" initiative with the Central Bank of Kuwait are equipping the next generation with essential money management skills.

NBK's priorities — sustainability, regional expansion, digital innovation and value creation — align with Kuwait's Vision 2035. The bank is a key financier of mega infrastructure projects in energy, transport, housing and industry, and continues to support public-private partnerships that drive diversification. Wealth management remains a core growth engine, offering high net worth clients bespoke investment solutions and cross-border strategies, supported by NBK's regional scale and international presence. High credit ratings from Moody's, S&P and Fitch reinforce its standing as one of the most trusted financial institutions in the region.

"NBK's role in Kuwait's economic transformation extends beyond banking," says Al-Sager. "We are committed to driving progress, fostering innovation and creating opportunities that will benefit generations to come." ●



CIB: PIONEERING EGYPT'S BANKING TRANSFORMATION

Over the last five decades, Commercial International Bank has earned a well-deserved reputation as the partner of choice for clients, shareholders and the wider economy. Throughout this long journey, the bank has not only helped drive a national economic transformation, it has become a regional benchmark for digital transformation and sustainable finance.

Recent milestones include the launch of a redesigned mobile banking app, becoming the first private bank in Egypt to offer Apple Pay and deploying AI-driven tools such as virtual assistants to enhance customer engagement.

In 2024, CIB exceeded the Central Bank of Egypt's small and medium-sized enterprises inclusion mandate and advanced its sustainability agenda with a decarbonisation initiative, in partnership with the International Finance Corp. The bank's net profit for that year was an impressive \$1bn-equivalent, alongside a net interest margin of 9.5%.

"CIB stands out as Egypt's leading private sector bank, not merely by scale, but by the depth of its strategic foresight, customer-centric innovation and resilience in navigating a dynamic economic landscape," says Islam Zekry, Group Chief Finance & Operation Officer and Executive Board Member.

THE BANK OF THE FUTURE

CIB's strategic vision is guided in part by an ambition to "build tomorrow's bank today." Five pillars — core business growth, diversification, customer experience, operational excellence and agility — provide the foundation for the group's sustainable expansion.

"Our strategy is adaptive, resilient and forward-thinking," says Zekry. "We are building a bank founded on strength but shaped by agility and creativity, ensuring we remain a leader in a fast-changing financial ecosystem."

A major step forward will be the launch of a standalone digital bank, aimed at serving the next generation of retail clients. By reducing reliance on the branch network and lowering the cost of funds, this initiative will strengthen CIB's competitive edge. At the same time, data analytics, behavioural segmentation and digital channels are enabling more tailored, cost-efficient solutions across customer segments.

CIB's diversified businesses are already



“ We are building a bank founded on strength but shaped by agility and creativity, ensuring we remain a leader in a fast-changing financial ecosystem ”

Islam Zekry, Group Chief Finance & Operation Officer and Executive Board Member, CIB

generating strong momentum. Within the bank's Global Markets segment, 2024 loan and corporate bond profits grew 63% year-on-year. Institutional Banking profits were up 64%. Retail banking deposits increased 11%, supported by strong consumer and premium segment activity. "From retail to institutional clients, we are deepening relationships, expanding access and creating solutions that meet the evolving needs of every customer we serve," says Zekry.

The group's strategy incorporates both cutting edge technology and top tier personnel. In 2024, over 5,000 employees benefited from CIB training programmes, while 4,500 staff participated in

innovation and agility workshops. A further 330 employees completed certifications or postgraduate studies. "Our people are the cornerstone of our success," Zekry explains. "CIB has introduced initiatives to support talent development and promote a diverse and inclusive workplace."

SUSTAINABILITY AT THE CORE

Sustainability runs through every part of CIB's business. Since 2013, the bank has pursued a Sustainable Finance Strategy grounded in risk management, revenue generation, reputation and ecological footprint. A robust governance framework, including a Board Sustainability Committee and Sustainable Finance Steering Committee, ensures ESG principles are applied across all business lines.

"ESG is fully embedded in CIB's core strategy, products and governance," says Zekry. "Our Sustainable Finance Strategy is anchored in two goals: leading Egypt's sustainability transition and becoming a leader in sustainable finance."

The bank has developed innovative financing instruments including green bond and climate finance loans, while integrating a comprehensive Environmental and Social Management System into its risk framework. These efforts have reinforced CIB's role as a path-breaker in sustainable finance, while future-proofing its growth model.

As CIB looks ahead, the focus is on harnessing digital transformation to expand access and strengthen long term growth. Through continued investment in talent and technology, the group is positioning itself as both a national champion and a regional leader. "We see this not just as a market gap, but as a national imperative," says Zekry. "Our five year strategy is designed to lead this evolution, centered on digital evolution, fee-based growth, targeted expansion and valuation unlock." ●



KEY DATA First half of 2025

- Total assets: E£1.3tr (\$27bn)
- Net profit: E£33.3 bn (\$691m)
- Capital adequacy ratio: 28.4%
- Loan-to-deposit ratio: 47.7%



BOUBYAN BANK: SHAPING THE FUTURE OF MODERN ISLAMIC BANKING

Boasting the country's dominant retail franchise, coupled with the largest share of the youth market, Boubyan Bank has firmly established itself as one of Kuwait's leading financial institutions. Combining deep roots in Sharia-compliant finance and a commitment to digital transformation, the bank has also earned a reputation as the world's leading Islamic digital bank.

"In an increasingly competitive banking environment, Boubyan continues to stand out by building trust, embracing technology, and aligning its growth trajectory with Kuwait's Vision 2035 and broader global sustainability goals," says Adel Al Majed, Vice-Chairman & Group Chief Executive Officer.

DIGITAL EDGE AND MARKET LEADERSHIP

At Boubyan Bank, over 95% of consumer banking transactions are digital. The bank has launched multiple first-to-Kuwait innovations including Msa3ed, the AI assistant, instant digital card issuance, multi-currency travel cards, and gamified savings for young customers. This unwavering dedication to digital excellence spans the bank's corporate business too, where the majority of customer transactions are processed through advanced online platforms. This has made the bank synonymous with convenience and modern banking solutions.

"Our strategic partnerships with leading global fintech and IT players enable us to deliver personalized experiences and services to all our clients," says Al Majed. "What makes us stand out is not just technology, but customer experience and culture."

The bank leads the market with a Customer Satisfaction Index (CSI) of 94% and a Net Promoter Score of 73%, enabled by seamless omnichannel journeys and alignment with



Sharia principles. In many ways, Boubyan operates with the mindset of a tech company more than a mere traditional bank. Staff work in agile squads and partner with start-ups to innovate and scale new products and solutions. Most recently, the bank helped to launch Kuwait's first BNPL platform with Deema to expand responsible credit and support the retail and merchant ecosystem.

This focus on customer needs and cutting-edge technology has allowed the bank to redefine the landscape of Islamic banking in Kuwait. For 15 consecutive years, Boubyan has been recognized as Kuwait's "Best Islamic Bank in Customer Service." "This accolade underscores our dedication to providing exceptional service across all channels," says Al Majed.

At the core of Boubyan Bank's success lies its unwavering commitment to human resources. "While technology, customer experience, and innovation often take center stage, our strategic investment in our staff is a vital driver of our growth and ongoing success," says Al Majed.

Nowhere is this success more visible than in the bank's ability to anticipate the needs of a fast-changing market. Kuwait's youthful demographics — more than half the population is under 35 — give the bank a unique opportunity.

EXPANDING HORIZONS

Affluent clients and private banking customers remain central to profitability, with Boubyan offering bespoke wealth management and lifestyle services. Meanwhile, the bank's SME platforms, including ePay and business

“What makes us stand out is not just technology, but customer experience and culture”

Adel Al Majed, Vice-Chairman and Group Chief Executive Officer

banking solutions, are making life much easier for entrepreneurs by simplifying payments, liquidity, and collections.

On the corporate side, Boubyan has aligned itself with Kuwait's evolving economy. Real estate, construction, and trade have all seen renewed momentum as the country invests heavily in infrastructure and diversification beyond oil. Boubyan has responded well with tailored financing solutions, with particular focus on public-private partnerships that support long-term growth. "Over the past year, we have strengthened our position as the country's third largest bank by assets and loans, and set benchmarks in innovation, customer service, and transparency," says Al Majed.

Looking forward, the bank aims to adapt and evolve to meet new challenges and ambitions. Boubyan is continuously exploring growth opportunities and is now focused on its current five-year strategy, Boubyan 2028, which began in 2024. "Through Boubyan 2028, our goal is to cement our position as the leading Islamic bank for high-value individuals and companies, expanding locally and internationally, innovating across business lines, and creating lasting value for customers, shareholders, and Kuwait's wider economy," says Al Majed. ●

KEY DATA First half 2025

- Total assets: \$32.6bn
- Net profit: \$171.3m
- Capital adequacy ratio: 16.8%
- Loan to deposit ratio: 88%



NBE: DRIVING EGYPT'S DEVELOPMENT THROUGH SCALABILITY AND INNOVATION

The National Bank of Egypt has cemented its position in recent years as the country's largest financial institution and a central pillar of national development.

By combining strong financial results with advances in digital transformation and sustainability, the Bank continues to reinforce its iconic positioning, significant imprint and leadership across the sector, represented by both its financial and non-financial market share.

NBE's financial results demonstrate market leadership. By August 2025, NBE's

- total assets exceeded E£8.8tr, representing 38.3% of the sector
- gross loans portfolio reached E£4.4tr, giving it a market share of 47.1%
- corporate loans stood at E£3.837tr and retail loans at E£422bn and
- in terms of liability, it maintained the largest deposit base in the country, standing at E£5.6tr, equal to 37.1% of sector deposits

"This liquidity strength equips the Bank with unmatched capacity to finance growth while maintaining resilience across economic cycles," says Mohamed El Etreby, National Bank of Egypt's CEO. "Equally important is its systemic significance: NBE's scale enables it to fund infrastructure and national projects at a level competitors cannot match, reinforcing its strategic significance to Egypt's economy."

Beyond financial performance, NBE's geographical footprint continues to be the widest in Egypt, a key differentiator in accessibility and customer service. As of August 2025, NBE operated:

- 690 branches
- 7,369 ATMs
- over 731,000 PoS terminals

This expansive presence allows the Bank to serve all customer segments — from urban corporates to rural households — advancing Egypt's financial inclusion agenda and strengthening NBE's position as the most renowned and accessible banking brand.

"At the same time, NBE has accelerated its digital transformation to build a more agile, customer-centric, and digitally empowered financial model that complements its unmatched scale," says El Etreby. The Bank has introduced enhancements to internet and mobile banking, including user-friendly user interface/user experience upgrades, biometric



“ Liquidity strength equips the Bank with unmatched capacity to finance growth while maintaining resilience across economic cycles ”

Mohamed El Etreby, CEO

authentication for retail and corporate clients, and an advanced interactive voice response revamp that positions the call center as a branch-like service channel.

On the payments side, Orange Cash alliance — including virtual card numbers and wallet card loading — has extended secure, cashless transaction options for banked and unbanked customers. Furthermore, the rollout of robotics process automation for services like NBE PhoneCash and Al Ahly Net registration has streamlined back office processes, improved accuracy and reduced service time.

SUPPORTING NATIONAL GROWTH

As Egypt's largest financial institution, NBE contributes directly to national priorities while advocating sustainable growth. The Bank provides financing that fuels businesses of every size, from major corporates to micro, small and medium enterprises, driving entrepreneurship, job creation and industrial expansion.

It also funds key infrastructure projects, including energy, transport and housing, while

advancing financial inclusion by expanding its branch, ATM and digital networks.

NBE has also embedded ESG practices into its operations. The Bank finances solar-powered irrigation and recycling initiatives, expands socially responsible lending and publishes transparent sustainability reports. "By combining financial capacity with a commitment to inclusive growth, NBE is a true and viable engine of Egypt's long term prosperity," says El Etreby.

While scale, digital innovation and sustainability define NBE's external performance, its investment in people ensures service excellence. The Bank develops leadership to navigate digital disruption and sustainability challenges while reinforcing inclusion across its workforce.

By upskilling staff in AI, data analytics and cybersecurity, NBE ensures its people are as competitive as its financial and technological assets.

"To build on these achievements, NBE is developing a new strategic plan in continuation of its 2024 successes," El Etreby says. "This strategy emphasises maximising revenue streams, diversifying income and embedding customer-centricity into every aspect of operations."

Central to this effort is a multi-dimensional customer segmentation model, tailoring services and products to client needs. This approach enhances satisfaction, strengthens loyalty and broadens the customer base. It also reflects a strong commitment to innovation, with significant investments in digital technologies to enhance engagement and efficiency.

At the same time, the strategy reinforces NBE's role in promoting financial inclusion, supporting national priorities and expanding access to banking services. Sustainability is equally integral, as the Bank works to embed sustainable finance principles and expand its portfolio of green and socially responsible products. ●

KEY DATA December 2024

- Total assets: E£8.1tr (\$168bn)
- Net profit: E£133.2bn (\$2.8bn)
- Capital adequacy ratio: 16.5%
- Loan-to-deposit ratio: 77%

Dukhan Bank Wins “Best Digital Transformation Initiative” in the MENA region



What's happening Wednesday, October 15

9.00am – 5.30am

Civil Society Policy Forum

9.00am – 10.30am How the IMF/WB can do a better job in engaging civil society in policy-based lending? 11.00am – 12.30pm IMF comprehensive surveillance review: looking back and forward 2.00pm – 3.30pm A review of the past and discussion on the future of the IMF work on beneficial ownership transparency 4.00pm – 5.30pm How the IMF can support struggling countries better: Taking a look at the IMFs Review of Program Design and Conditionality Location: HQ2-03B-768B Lecture Room

9.30am – 10.25am

Knowledge Café (MC Atrium): **Talent Without Borders: The Job-Creating Power of Global Skill Partnerships**

10.00am – 10.30am

Governor Talks: **India: Monetary and Financial Policies for EMs in an Uncertain World**

Speakers: **Sanjay Malhotra**, Reserve Bank of India governor; **Krishna Srinivasan** IMF Director of the Asia and Pacific Department Location: IMF Cedar Hall (HQ1-1-660)

10.00am – 11.00am

Seminar: Building Resilience in a Natural Disaster-Prone World

Location: Meeting Halls A&B HQ1-3-430A&B

11.00am – 12.00pm

Seminar: Boosting Productivity Growth in the Digital Age

Speakers: **David Wessel**, Brookings Institute, director, The Hutchins Center on Fiscal and Monetary Policy; **Mohammed Al-Jaadani**, minister of finance, Kingdom of Saudi Arabia; **Tony Elumelu**, founder & chairman, Heirs Holdings; **Simon Johnson**, MIT Sloan School of Management; **Ronald A. Kurtz** Professor of Entrepreneurship;

Ruth Porat, president and CIO, Alphabet & Google

Location: Atrium HQ1-1-700

12.00pm – 12.30pm

Governor Talks

Location: Cedar Hall (HQ1-1-660)

12.30pm – 1.00pm

Cultural event

Location: Atrium HQ1-1-700

2.00pm – 2:30pm

Governor Talks: Syria: Rebuilding Syria: A Journey Towards Stability and Prosperity

Speaker: **Jihad Azour**, director of Middle East and Central Asia Department. Location: Cedar Hall (HQ1-1-660)

2.30pm – 3:45pm

Per Jacobsson Foundation Lecture Location: HQ1 Atrium (HQ1-1-700)

3.30pm – 4.15pm

Capacity Development Talk: **Together We Rise: How Partnership Underpins Revenue Mobilization**

Location: IMF Cedar Hall (HQ1-1-660)

4.30pm – 5.30pm

Seminar: **Emerging from Conflict: Recovery Stabilization and Financing** Location: IMF HQ1 Atrium (HQ1-1-700)

4.45pm – 5.15pm

Governor Talks: **Denmark**

Location: IMF Cedar Hall (HQ1-1-660)

DownTime

7.00pm – 10.00pm

Reception: **The Banks Association of Türkiye**

Location: National Building Museum, 440 G Street, NW

7.30pm – 9.30pm

Reception: **Kuwait Banks Reception**

Location: Waldorf Astoria Washington DC 1100 Pennsylvania Avenue, NW

Don't Miss

2025 IIF ANNUAL MEMBERSHIP MEETING Growth in an Uncertain World iif.com/events

Networking & Program Breakfast

8:00am – 8:55am

In conversation: **Nancy Hungerford**, conference moderator, former CNBC Anchor

TRACK 1 9.00am – 12.15pm

Big ideas | In conversation | C-Suites

Host: **Nancy Hungerford**

9.00am – 9.25am

In Conversation: **Nguzi Okonjo-Iweala**, director general WTO; **David J. Lynch** (moderator), *The Washington Post*

9.30am – 10.10am

Views From The C-Suite: **Global Markets in the Crosshairs**

Hisham Ezz Al-Arab, CEO CIB; **Sonja Gibbs** (moderator), managing director, head of Sustainable Finance, Global Policy Initiatives IIF; **Kanetsugu Mike**, chairman Mitsubishi UFJ Financial Group; **Juan Carlos Mora Uribe**, CEO Grupo Cibest & Bancolombia; **Ronald O'Hanley**, chairman, CEO State Street

10.15am – 10.55am

Views From The C-Suite: **Growth in a Fragmented World**

Abdulaziz Al-Helaissi, Group CEO Gulf International Bank; **Wolfgang Engel** (moderator), general manager Dubai office, IIF; **Kristin Magnusson Bernard**, CEO API; **Khairussaleh Ramli**, president, Group CEO, Maybank; **Sim Tshabalala**, group CEO Standard Bank Group

11.00am – 11.45am

Financial Markets in the Technology Age: **AI and Tokenization**

Kwee Juan Han, group executive; group head of Institutional Bank, DBS Bank; **Joseph Longo**, chair, ASIC; **Jessica Renier** (moderator), managing director Digital Finance, IIF; **Verena Ross**, chair ESMA

11.50am – 12.15pm

In Conversation: **François Villeroy de Galhau**, governor Banque de France; **Tim Adams** (moderator), president, CEO, IIF

TRACK 2 9.00am – 12.25pm

Regulatory | Financial Sector Policy

Host: **Dion Rabouin**, financial journalist

9.00am – 9.40am

Future of Global Energy Finance

Antoni Ballabriga, global head Sustainability Intelligence & Advocacy, BBVA; **Linda French**, managing director, Global Head of Sustainability Policy and Regulation, JPMorgan Chase; **Alan Levy**, managing director Bank of America; **Jeremy McDaniels** (moderator), deputy director Sustainable Finance, IIF

9.45am – 10.10am

In Conversation: **Olli Rehn**, governor Bank of Finland; **Martin Boer** (moderator), general manager, Europe Chief Representative, Regulatory Affairs, IIF

10.15am – 10.55am

Enhancing the Effectiveness of Bank Supervision

Sharon Donnery, member of the Supervisory Board, ECB; **John Dugan**, chair Citigroup Inc.; **Fernando Restoy**, chair FSI, BIS; **Katie Rismanchi** (moderator), deputy director Regulatory Affairs, IIF

11.00am – 11.40am

Charting Ahead: Key Issues Shaping the Future of Global Insurance

Philippe Brahin (moderator), director, head of NBFI, Regulatory Affairs, IIF; **Sean Brennan**, co-president Athene USA, CCO Athene Holding; **Petra Hielkema**, chairperson EIOPA; **Michel Liès**, chairman Zurich Insurance Group; **Shriti Vadera**, chair, Prudential plc

11.45am – 12.25pm

Global financial regulation: emerging priorities and challenges

Piyush Agrawal, chief risk officer BMO Financial Group; **John Berrigan**, director-general FISMA, EC; **Sarah Breen**, deputy governor Financial Stability, Bank of England; **Eugene Ludwig**, founder, CEO, Ludwig Advisors; **Andrés Portilla** (moderator), managing director Regulatory Affairs, IIF

Networking and Program lunch

12.30pm – 2.00pm Host: **Nancy Hungerford**,

conference moderator, former CNBC Anchor

The New Geopolitical Paradigm Risks, Challenges and Opportunities

Tim Adams (moderator), president, CEO, IIF; **Daniel Pinto**, vice chairman JPMorgan Chase; **Kevin Rudd**, Australian ambassador to the US; **John Waldron**, president, COO, The Goldman Sachs Group, Inc.

TRACK 1 2.00pm – 5.15pm

Big ideas | In conversations | C-Suites

2.00pm – 2.40pm

Global Debt and Risks to Financial Stability

Arnab Das, global economic counsellor, global macro strategist, Invesco; **Lori Heinel**, executive vice president, Global CIO, State Street Investment Management; **Maya MacGuineas**, president Committee for a Responsible Federal Budget; **Jan Mischke**, partner MGI; **Emre Tiftik**, director Sustain

2.45pm – 3.25pm

Stability or Standoff? The Future of US-China Relations

Emily Kilcrease, senior fellow, director, Energy, Economics & Security Program, Center for a New American Security; **Clay Lowery** (moderator), executive vice president IIF; **Evan Medeiros**, Chair in Asia Studies, School of Foreign Service, Georgetown University; **Leland Miller**, co-founder, CEO, China Beige Book; **Logan Wright**, partner, head of China Markets Research, Rhodium Group

3.30pm – 3.55pm

In Conversation: **Erik Thedéen**, governor, Sveriges Riksbank, Chair, Basel Committee on Banking Supervision, BIS; **Andrés Portilla** (moderator), managing director Regulatory Affairs, IIF

4.00pm – 4.25pm

In conversation: **Michael Kratsios**, director Office of Science & Technology Policy, The White House; **Jessica Renier** (moderator), managing director Digital Finance, IIF

4.30pm – 5.15pm

Global Payments and Economic Impacts

Tobias Adrian, financial counsellor, director, Monetary and Capital Markets Department, IMF; **Jonah Crane**, head, Global Regulatory and Policy Development, Stripe; **Martin Moloney**, deputy secretary general, FSB; **Jessica Renier** (moderator), managing director Digital Finance, IIF; **Rosemary Stone**, COO SWIFT

TRACK 2 2.00pm – 4.55pm

Regulatory | Financial sector policy

Host: **Dion Rabouin**, financial journalist

2.00pm – 2.55pm

The Evolving Agenda of Global Standard Setters: Priorities and Challenges

Martin Boer (moderator), general manager, Europe Chief Representative, Regulatory Affairs, IIF; **Katharine Braddick**, group head of Strategic Policy Barclays; **Neil Esho**, secretary general BIS; **John Schindler**, secretary general Financial Stability Board, BIS

3.00pm – 3.55pm

US Treasury Markets: Current Conditions and Challenges Ahead

Marcello Esteveño (moderator), managing director, chief economist, IIF; **Frank La Salla**, president, CEO, director, DTCC; **Anna Nordstrom**, head of Markets Group Federal Reserve Bank of New York; **Shyam Rajan**, global head Fixed Income, Citadel Securities; **Jason Vitale**, managing director, global head of Foreign Exchange, Fixed Income, Equities & Capital Markets, BNY

4.00pm – 4.55pm

Managing Physical Climate Risk

Jonathan Dixon, secretary general IAIS; **Kelly Hereid**, head of Catastrophe R&D, Liberty Mutual; **Norio Hida**, counsellor on Global Strategy The Norinchukin Bank; **Cindy Paladines**, senior vice president, head of engagement, TCW Group; **Emre Tiftik** (moderator), director Sustainability Research, IIF

Caught between the titans — IMF strives to reconcile rival visions on trade

By overthrowing decades of orthodoxy on international trade policy, the Trump administration and its sweeping tariffs have put the International Monetary Fund in a quandary. Can it defend the free trade it believes in, or must it adapt to a new paradigm?

By Phil Thornton

Just over 80 years ago as the economic brains of the Allied powers were forging an International Monetary Fund to bring financial stability after the chaos and horror of the Second World War, one priority was the need for free and open trade.

The Articles of Agreement of December 27, 1945 declared that the Fund's second purpose was to "facilitate the expansion and balanced growth of international trade".

Fast forward eight decades and the issue likely to dominate this week's Annual Meetings is the US government's trade tariff policies and the economic disruption they are causing.

Nearly nine months after President Donald Trump's second term began, the likely impact of his sweeping trade measures is still not clear, partly because they have changed so often.

But every one of the IMF's 190 member countries is affected, so trade will be top of the agenda for finance ministers, central bankers and development officials as they gather in Washington this week.

Despite some rolling back of tariffs in recent months — earning the acronym of Taco or 'Trump always chickens out' — US effective tariff rates stand at historically high levels of about 17% as a trade-weighted average, down from a peak of 25% earlier this year but up from 3% at the start of the year.

While Trump has paused many planned measures, de-escalated his trade war with China in May, and reached deals with partners including the UK, European Union and Japan, the cumulative impact is already reshaping global trade flows in ways economists are scrambling to understand.

The tariffs have not set off an economic disaster. For the EU, for example, at the end of September, economists at ING said front-loading at the start of the year had helped sustain exports to the US. "However," it added, "we expect EU exports to the US to decelerate as tariffs begin to bite, reinforcing our call of a direct GDP impact of -0.3% in the short run, with significant risks to growth in the longer run."

Volatility continues. Even after the two parties agreed a trade deal in July, highly

favourable to the US, the US has increased tariffs on a variety of products and threatened a 100% levy on pharmaceuticals.

After extreme swings in the US stance, Mexico now has quite a bearable deal, with an effective tariff rate of 7%, so it may even take market share in US imports from China. But Vanguard economists still predict GDP growth of 0.75% at best this year.

The European Central Bank has warned that tariffs could distort production patterns and supply chains, resulting in a less efficient global economy. Some Asian economies are benefiting from trade diverted from China, while others face new competitive pressures in their domestic markets.

In Latin America and Africa, some resource-rich states may benefit from increased demand as global supply chains diversify, while others could lose access to key markets.

UNAPPEALING CHOICES

Research by IMF economists Lorenzo Rotunno and Michele Ruta suggests that countries have options for responding to tariff pressures, but each carries its own economic and political costs.

Retaliatory tariffs may be politically satisfying but can end up just harming domestic consumers and businesses. Industrial policy interventions can protect specific sectors but may distort resource allocation and create inefficiencies. Regional trade agreements offer alternative market access but could fragment the global economy further.

Meanwhile, the uncertainty about trade policy amplifies the negative effects of tariffs, creating a climate in which businesses delay investment.

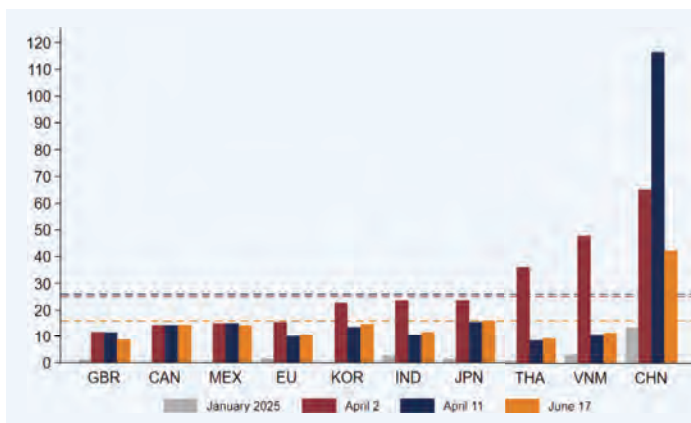
The relationship under most scrutiny will be the US and China. Although the extreme tariff rates of as much as 145% imposed during the two countries' tit-for-tat battle in the spring have subsided, the



Scott Bessent, US treasury secretary, and He Lifeng, China's vice-premier, smile for the cameras in Geneva in May

US tariff rates (%)

Import-weighted rates for the 10 largest exporters to the US



Source: Lorenzo Rotunno and Michele Ruta, *Trade Partners' Responses to US Tariffs*, IMF, July 2025

average US levy on Chinese goods is now around 58%, according to the Peterson Institute of International Economics, while China charges about 33% on the US goods it imports. These barriers to trade are unprecedented in modern times.

REJECTING IMBALANCE

IMF analysis points to “mostly adverse consequences of protectionism... in aggregate and across sectors and regions”.

While this view will likely feature prominently in discussions in Washington this week, fundamentally, the US sees it differently.

Scott Bessent, the US treasury secretary, laid out his view of the IMF clearly in a speech at the Institute of International Finance in April. The IMF’s job is to promote balance, he argued, but “everywhere we look across the international economic system today, we see imbalance,” nowhere more than in trade.

“We will not abide the IMF failing to critique the countries that need it most — principally, surplus countries,” Bessent said. “The IMF needs to call out countries like China that have pursued globally distortive policies and opaque currency practices for many decades.”

China, he said, “is in need of a rebalancing. Recent data shows the Chinese economy tilting even further away from consumption toward manufacturing. China’s economic system, with growth driven by manufacturing exports, will continue to create even more serious imbalances with its trading partners if the status quo is allowed to continue.”

MORE THAN TARIFFS

It is not only Trump supporters who believe he has a point.

Michael Pettis, a finance professor at Peking University and senior associate at the Carnegie Endowment for International Peace, wrote in the IMF magazine *Finance & Development* on the eve of the meetings that “Rather than railing against tariffs, the world needs a broader conception of trade policy — one that moves beyond the surface-level debate over tariffs and looks inward at how economies allocate income.”

Trade imbalances, he argued, are swelled by a slew of national economic policies that, like tariffs, shift income from consumers to producers — from holding down the currency value to tax subsidies for producers; from wage repression to low interest rates.

“If trade imbalances are ultimately the

result of internal choices about who gets what, then fixing them will require more than bilateral deals or protectionist gestures,” Pettis wrote. “It requires a change in how countries structure their economies. It requires power and resources to shift toward those whose spending drives sustainable demand.”

Whether the IMF can shift this debate is questionable. On one hand, Dan Katz, Bessent’s chief of staff, has just taken office as the Fund’s first deputy managing director, making him number two to overall chief Kristalina Georgieva.

On the other, China is an influential member of the IMF, which is looking to increase its clout there, not be pushed around.

After two successive General Reviews of Quotas, the most recent in 2023, failed to alter voting shares at the Fund, leaving emerging and developing countries with just 40% of votes, though they produce 60% of world GDP, China is long overdue an upgrade.

If the coming 17th Review, scheduled to conclude in 2028, also fails to alter quotas, it would damage the IMF’s legitimacy and standing in the global financial system, analysts at Boston University have warned.

TREADING ON EGGSHELLS

Navigating between these competing interests while maintaining the IMF’s credibility as an impartial arbiter of global economic policy will test Georgieva’s diplomatic skills as never before.

The world’s finance officials urgently want the IMF to help develop concrete responses to the trade policy challenges reshaping the global economy.

To meet that need, the IMF’s traditional tools — surveillance, lending and technical assistance — may need adapting to a new world where trade policy has become weaponised.

The immediate task for this week’s meeting will be trying to lessen the economic disruption caused by trade rivalry, while working to prevent further fragmentation of the global economy.

This will require delicate dialogue and possibly innovative policy approaches that acknowledge the new realities of economic nationalism, while preserving the benefits of cooperation.

Maintaining the IMF’s relevance and effectiveness in this environment depends on providing honest assessments of the costs and benefits of different policy approaches, even when those assessments



Kristalina Georgieva, IMF managing director, must try and find consensus on trade

may be politically uncomfortable for major shareholders.

The stakes are high. The IMF’s research suggests the shift toward protectionism carries significant economic costs that will ultimately be borne by businesses and consumers around the world.

Whether this week can generate momentum toward more consensus and lower trade barriers may well determine the trajectory of global economic growth in the next few years. **GM**

SWAPPING OVER

One irony of today’s debacle for economic historians is that roles have been reversed.

During the negotiations about setting up the Fund, John Maynard Keynes, the British economist, was keen to maintain the UK’s preferential trading relationships within its empire and currency area.

Harry Dexter White, his American counterpart, regarded liberalising trade as the paramount objective — hardly surprising, since the US was keen to access commercial opportunities within Britain’s sphere of influence.

In this, the US was grasping the torch of free trade, brandished so vigorously by the UK in the 19th century, when its industry was supreme and had no fear of competition.

How did it work out? Eighty years later, the US has done very well out of liberalised trade, being still the world’s largest economy by a considerable margin. The US cut average tariffs sharply from 10%-12% in the late 1940s to around 3% before Trump took office.

The UK, on the other hand, has fallen from second to sixth, overtaken by its former colony India.

Nevertheless, the US is unhappy with its lot. As Bessent put it in April: “Intentional policy choices by other countries have hollowed out America’s manufacturing sector and undermined our critical supply chains, putting our national and economic security at risk.”

The current US stance has much more in common with the Britain of 1945, fearfully trying to fend off decline, than the Britain of 1850, confident in its industrial strength.

For the time being, the world economy is coping with higher US tariffs. The IMF’s ability to influence US policy is minimal.

But few of the Fund and member state officials who huddle in the meeting rooms of the IMF this week will have much confidence that taxing trade is going to boost world trade, or the US’s share of it.

THE final word

MDBs can raise private capital for sovereign lending — if they are careful

By Chris Humphrey

Shareholders are urging multilateral development banks to “mobilise” more private capital to expand their ability to finance much-needed economic and social improvements in developing countries.

MDBs have responded, starting to share the risks of their loans with commercial investors through securitizations, commercial insurance and syndication.

Much more needs to be done, especially to ensure MDBs drive a hard bargain with investors, but after securitizations by the International Finance Corporation in September and Inter-American Development Bank last year, a specialised asset class of MDB debt is beginning to emerge, attracting new investors to development finance.

Most co-investment deals involve MDB loans to private sector borrowers, creating capacity for the MDBs to do more such lending. A big advantage is these loans pay near-commercial interest rates, from which risk premiums can be paid to private investors.

But MDB lending to governments is also critically important, to help implement high quality investments in infrastructure and basic social services. Can private capital raise capacity here, too — even though the loans pay small, concessional spreads over the MDBs’ own low funding costs?

Tentative steps have begun. IDB bought commercial credit insurance on \$600m of sovereign loan exposure in 2023 and 2024. The African Development Bank did a \$2bn deal on loans from 11 countries with commercial insurers in 2022, with support from the UK government. And West African Development Bank (BOAD) securitized \$246m of sovereign loans in 2023. Since it is triple-B rated, BOAD’s loan margins are higher and the securitization could pay 6.1%.

HIDDEN HITCH

But besides pricing, there is a thornier obstacle to bringing private capital into sovereign loans — it might weaken the MDBs’ vital preferred creditor status.

Rating agencies all factor PCS into their MDB ratings. Data published by the World Bank, IDB and Asian Development Bank in 2024 show that over decades just a handful of governments ever delayed repaying their loans, and even then MDBs lost very little money. A 2022 study by Risk Control calculated that MDBs face one-year economic losses 14 times lower than a matched set of commercial loans to the same governments.

Yet PCS has no formal, legal basis. It is not written into MDB statutes or loan contracts. It built up as a convention over time, from the 1980s, arising princi-

pally from the borrowers’ motivation.

Governments are reluctant to default, even when struggling to pay other debts, because MDBs are special lenders — non-profit intergovernmental cooperatives that support long term development with cheap loans and extensive technical support and advice. MDBs are there year in, year out, even in bad times when commercial investors flee.

Over recent decades, the probability of a sovereign borrower falling into arrears to IBRD, ADB or IDB was 0.5% to 0.7% — remarkable, considering the financial stress many countries have faced.

Even when a country does go into arrears, MDBs pretty much always get repaid eventually, leading to losses of 2% to 10%, far lower than commercial creditors face. Even in a restructuring, official and commercial creditors generally agree that MDBs are exempt.

However, transferring the risk of sovereign loans to commercial investors could undermine PCS. Borrowers might feel less inclined to prioritise repaying MDB loans if they think they are ultimately owed to a private investor, while other creditors like the Paris Club might be less willing to let MDB loans escape restructuring.

The AfDB and IDB reportedly received green lights from the Paris Club for their sovereign risk transfers, although the criteria were not made public. This lack of clarity is a central factor holding up mobilisation, as MDBs are understandably very protective of PCS.

TRY THESE FIVE

Five proposals might help mobilise more commercial capital for sovereign lending while protecting PCS.

First, clarity from the Global Sovereign Debt Roundtable — which includes the Paris Club, IMF, G20 countries and commercial creditors — would help all stakeholders know what is acceptable in terms of scale, financial structure and investor type. Ringfencing may be needed to reassure other creditors that sovereign mobilisation is not turning MDBs into deal-makers for investors.

Second, there are alternatives without PCS implications. In 2023 the State Bank of India prepaid a World Bank loan and refinanced with commercial



“Lack of clarity is a central factor holding up mobilisation, as MDBs are understandably very protective of preferred creditor status”

lenders using a guarantee from the Multilateral Investment Guarantee Agency to reduce costs — a creative way to mobilise private capital. The Bank intends to do more such deals.

Third, an MDB could lend to a government at its normal policy rate, with a parallel B loan from commercial lenders at market terms. The World Bank did this in the 1970s and 1980s.

Fourth, sovereign and non-sovereign loans can be pooled in a single risk transfer transaction, to reduce the drawback of low sovereign loan pricing. MDB sovereign loans could even be blended with commercial bank loans in a securitization, along the lines of the Bayfront Capital deals, supported by the Asian Infrastructure Investment Bank.

Fifth, MDBs can build sovereign lending capacity with hybrid capital, which does not affect PCS, as AfDB, BOAD and CAF have done.

Opening regular MDB share capital to investors seems a no-go, since creditors could revoke their PCS recognition, as Afreximbank recently experienced. But a non-voting share class offering low returns to impact-focused philanthropic or even retail investors might work.

Sovereign loan mobilisation is well worth exploring, due to the critical need for more MDB support to low and middle income countries. But it comes with trade-offs, so needs to be balanced against the traditional way of building MDB capacity: more shareholder capital.

For all the criticisms MDBs face, their core financial model of using modest share capital, prudently leveraged in capital markets, still works really well.

MDBs are sometimes portrayed as inefficient banks, but we should instead think of them as extremely efficient public policy agencies.

MDBs unquestionably need to continue seeking creative new ways to channel private capital for development. But we need to be sure that it doesn’t weaken the financial model that has worked for so many decades. If shareholders want MDBs to do more, they need to give them enough capital to do the job. **GM**

Chris Humphrey is a senior research associate at ODI Global and a researcher at ETH Zurich. He was a member of the G20’s expert panel that produced the Capital Adequacy Framework report in 2022.



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Ethiopia talks with bondholders collapse on details of VRI, raising chance of litigation

By George Collard

Ethiopia's talks with holders of its \$1bn defaulted Eurobond broke down on Tuesday, raising the prospect that bondholders may sue for recovery in English courts.

Despite multiple proposals in both directions which appeared close to reaching a deal, Ethiopia and an ad hoc committee of bondholders could not find agreement on the terms of a variable rate instrument that would have been part of a restructuring.

VRIs are bonds in which the debtor's obligation can increase if its economic conditions improve. In this case the bondholder committee proposed a deal linked to goods exports. The government had accepted the inclusion of a VRI, including in its final proposal.

However, the committee said: "Ethiopia and the committee were

unable to bridge the remaining gap due to differing perspectives on the VRI." On Tuesday, the committee said it was mulling "all available options", including legal action.

Ethiopia's \$1bn 6.625% December 2024 bond is now the only African sovereign Eurobond in default, since Zambia and Ghana completed restructurings in 2024.

The bond is a small part of Ethiopia's external debt, which was \$28.9bn at the end of June 2024 — 52% of which is owed to multilateral lenders and 28% to bilateral creditors. Domestic debt was \$39.9bn-equivalent at the same date.

Ethiopia announced plans to restructure debts under the G20's Common Framework in February 2021, and defaulted on the bond in December 2023 by missing a coupon payment.

Bondholders have criticised the

Ethiopian government for lack of communication. They made a pre-emptive restructuring offer in January 2023, but said the government did not respond until late that year.

Then in August 2024, Ethiopia upset bondholders by proposing a 20% haircut on the principal. The committee believed then as now that "Ethiopia's debt burden remains a liquidity rather than solvency issue, as supported by Ethiopia's consistent economic outperformance".

Bondholders have since offered upfront haircuts of 10% and then 15%. In return, they proposed a VRI, and Ethiopia was open to a deal.

In July 2024, Ethiopia cleared a hurdle to starting talks with creditors when it agreed to a \$3.4bn extended fund facility with the International Monetary Fund. The country secured



Abiy Ahmed Ali: Ethiopia's PM says no

a memorandum of understanding with official creditors in July, which it said offered more than \$3.5bn of debt relief.

But, not for the first time in emerging market debt restructuring, the VRI terms proved problematic.

VRIs have been criticised because while a borrower's economic indicators can improve, that does not necessarily give it a better ability to repay debt.

Ukraine included GDP warrants in

Continued on page 4

China turns critical minerals into a battleground as US panic-buys

By Steve Gilmore

China's sweeping restrictions on exports of vital minerals and magnets have sent shares of rare earth companies soaring and injected new urgency



Baskaran: 'security implications'

into a billion-dollar stockpiling drive by the Pentagon.

Whether intended as a negotiating tool or to create genuine change, Beijing's grip on an economic choke point poses a serious threat to Western manufacturing and defence supply chains.

The measures announced on October 9 mark a dramatic escalation of China's efforts to exert dominance in rare earths. They effectively bring all the main rare metals, oxides and magnet materials under export control — with an explicit export ban for any materials

that could be used by foreign armed forces.

"Given China's dominance in the sector — accounting for roughly 70% of rare earth mining, 90% of separation and processing, and 93% of magnet manufacturing — these developments will have major national security implications," said Gracelin Baskaran, director of the Critical Minerals Security Program at the Centre for Strategic & International Studies in Washington, in a research note on China's move.

In the defence sector, rare earth elements are vital to the

manufacture of everything from fighter jets and submarines to radar and communication systems. Although it is uncertain how severely China will impose its new controls, they are a massive risk for the US.

Filings from the Pentagon's Defense Logistics Agency recently made public show the US military plans to stockpile almost \$1bn worth of metals. This includes \$500m of antimony from US Antimony Corp, whose share price rose 37% on Monday following the news.

"If you look at some of the

share prices of rare earth companies in the United States they have gone to the moon," Chris Berry, president of battery metals-focused research firm House Mountain Partners, told *GlobalMarkets*.

Adding jet fuel to the rare earth rally was JP Morgan's announcement on Monday of a new \$1.5tn Security and Resiliency Initiative, in which it will provide financing and investment for industries crucial to US economic security.

Jamie Dimon, the bank's

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