


# Ford Middle East reaffirms its commitment to Kuwait market

## Alghanim Auto to be authorized importer of Ford brand products


KUWAIT: Kalyana Sivagnanam, Marketing, Sales and Services Vice President, Ford Middle East and Africa and Thierry Sabbagh, Ford Middle East's managing director, address a press conference in Kuwait yesterday. —Photos by Yasser Al-Zayyat

**KUWAIT:** Ford Motor Company said it is committed to growing its business in Kuwait and most importantly, better serve Ford and Lincoln customers with the best brand representation, at a news conference held earlier yesterday.

Speaking to the local news media in Kuwait, Kalyana Sivagnanam, Marketing, Sales and Services Vice President, Ford Middle East and Africa, said: "Kuwait is an important market for Ford in the Middle East and we are committed to serving the Kuwaiti market and our customers.

"Ford Motor Company has terminated its dealership agreement with Arabian Motors Group WLL for the Ford and Lincoln brands in Kuwait effective 27 July 2016. As we expand our businesses in the Middle East, offering our customers in Kuwait world class products and a best in class ownership experience remains Ford's top priority, and we believe that Alghanim Auto will bring their expertise in automotive retail and excellence in customer satisfaction and services to help us further grow the Ford business in Kuwait, in line with the industry."

Ford has been in a contractual relationship with Alghanim Auto as an importer since March 27, 2016. Alghanim Industries is one of the largest privately-owned and professionally managed companies in the region that enjoys an exceptional track record of success in automotive distribution, sales and service, as well as being a market leader in almost every sector in which it operates.

Thierry Sabbagh, Ford Middle East's managing director added: "We are confident that Alghanim Auto are the right partner for the Ford brand moving forward and to help us deliver a best in class ownership experience in Kuwait.

"We are fully committed to provide the sales and service support our Kuwaiti customers need and are working closely with our new importer, Alghanim Auto, to deliver what our customers want: great products and services at great value for money," he explained.

Ford officials reiterated the fact that Ford and Lincoln customers can purchase Ford products as well as get their vehicles serviced by Ford trained technicians and service advisors as well as purchase original Ford and MotorCraft parts from Alghanim Auto's dedicated showroom and service center in Al Shuwaikh.

Ford also clarified Alghanim Auto is the only importer authorized by Ford Motor Company to perform warranty repairs for Ford and Lincoln vehicles in Kuwait, and that customers with Ford or Lincoln Extended Service Plans will be able to fulfill their contracts only at Alghanim Auto.

Ford Motor Company is a global automotive and mobility company based in Dearborn, Michigan. With about 201,000 employees and 67 plants worldwide, the company's core business includes designing, manufacturing, marketing, financing and servicing a full line of Ford cars, trucks, SUVs and electrified vehicles, as well as Lincoln luxury vehicles. At the same time, Ford is aggressively pursuing emerging opportunities through Ford Smart Mobility, the company's plan to be a leader in connectivity, mobility, autonomous vehicles, the customer experience and data and analytics. The company provides financial services through Ford Motor Credit Company.

# BoE Brexit plan challenged by world awash with cheap money

**LONDON:** The Bank of England's first rate cut since 2009 looks unlikely to be passed in full to borrowers, despite the BoE being ready to lend banks as much as 100 billion pounds ($130 billion) to ensure it happens. The launch of the Term Funding Scheme (TFS) - the BoE's biggest intervention in Britain's banking market in four years - is likely to offer a modest boost to growth. But it also highlights the difficulty of implementing cuts in interest rates as they approach zero.

Governor Mark Carney said lenders had "no excuse" not to pass on August's quarter-point cut in interest rates to 0.25 percent, as the TFS would neutralise the negative impact of the rate cut on bank profits by providing lenders with cheap loans.

But less than a week later, things already look more complicated for the project that is part of the central bank's response to Britain's vote to quit the European Union. Britain's biggest mortgage lender, Lloyds Banking Group , is holding off cutting its main rate, while First Direct, part of HSBC, reduced the interest rate it pays out on one of its savings accounts by 0.4 percentage points.

"The narrative presented was a bit simplistic," said Ian Gordon, a banking analyst at Investec.

The key point is that British lenders vary greatly in how much they can benefit from the TFS, depending on whether they already have access to finance that costs them less than the 0.25 percent minimum charge for funding from the BoE scheme. Major lenders such as Royal Bank of Scotland, Barclays and HSBC already have more cash than they have been able to lend out, often from business and personal current accounts on which the banks pay little or no interest.

For them, the TFS will do nothing to reduce the squeeze on their net interest margin - the difference between savings and lending rates that is the main source of profit from lending.

As a result, interest rates on new two-year fixed-rate mortgages - Britain's most popular type of home finance - were likely to drop by less than 25 basis points, Gordon said, as banks' sought to preserve profits and priced in a higher risk of default as the economic outlook darkened.

"I think prices will come down, but I'm skeptical you will see them come 25 basis points lower," Investec's Gordon said. Existing mortgage rates that tracked Bank Rate would fall, but credit card rates and new business lending - which is sensitive to the economic outlook - would prove stickier.

Bankers say Lloyds and smaller challenger banks such as Virgin Money, Shawbrook and Aldermore gain more from the scheme, as they rely on costlier wholesale finance and savings accounts.

Gordon said this gave them scope to cut the interest they paid savers by more than a quarter percentage point - an effect of the TFS which the BoE has not chosen to stress.

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None of this means the TFS is a waste of time, but it is unlikely to have the same impact as the BoE's last big intervention, the Funding for Lending Scheme in 2012. "Overall I think it will provide a small stimulus to the economy ... but it's not a game-changer," Pantheon Macroeconomics' Samuel Tombs said.

The FLS came at a time when British banks faced high borrowing costs due to the eurozone crisis, and offered incentives to lend as the economy gathered steam. In just over a year, it provided more than 40 billion pounds of finance to banks and building societies. By contrast, the TFS comes at a time when banks can already raise finance cheaply, and the BoE expects business and housing investment to fall sharply, reducing demand for loans.

"We are in a different world now where banks are in a much healthier position, where it's not really the supply of credit that is the constraint on the economy," BoE Deputy Governor Ben Broadbent told Reuters on Friday. "There is no point in offering very powerful incentives to lend ... because it is not clear they would be taken up."

The roughly 100 billion pounds of newly created money available via the TFS represents about 5 percent of outstanding UK loans, and a fair chunk may be taken up by banks refinancing old FLS borrowing for another four years at a cheaper rate.

Full pass through of last week's rate cut would take time, Broadbent said, and the BoE was not looking to police every single loan rate and would rely instead on competitive pressure to push down borrowing costs.

JP Morgan economist Allan Monks speculated that the TFS could ultimately provide a path for the BoE to introduce negative interest rates by the back door, circumventing Carney's opposition and effectively paying banks to lend. Broadbent, however, was quick to dismiss this. A European Central Bank scheme similar to the TFS, TLTRO II, showed the difficulty of getting banks to offer deposits or lend at negative rates, he said. —Reuters


LAVAL: The head office and logo of Valeant Pharmaceuticals in Laval, Quebec, Canada. —AP

# Solid outlook from Valeant, promised changes; shares up

**NEW YORK:** Drugmaker Valeant Pharmaceuticals, a fast-growing Wall Street darling until its price-hiking business strategy made it a symbol of pharmaceutical company greed, said it's undergoing a restructuring as its new CEO attempts to turn it around and repair its tattered reputation.

The company has come under a harsh spotlight for repeatedly buying older medicines with limited competition and then jacking their prices up threefold or more, with no changes or improvements to the drugs. The Canadian company's spate of acquisitions and soaring revenue propelled its stock through the roof, while running up some $30 billion in debt.

As soaring drug prices became a hot political issue, Valeant has been hit with three ongoing federal probes into its accounting and business practices and criticism from presidential candidates, forcing it to renounce its price-hiking strategy and push out Michael Pearson, the CEO behind that strategy.

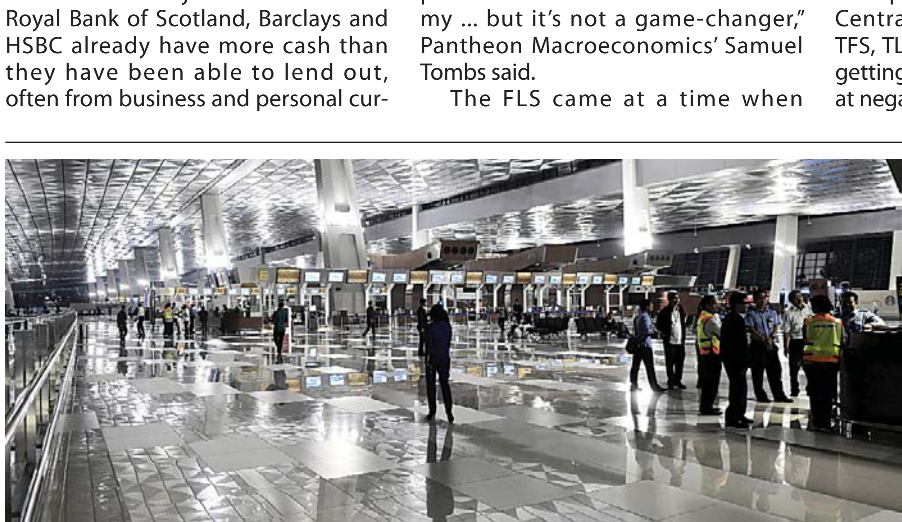
Meanwhile, insurers and other payers trying to reign in their costs for medicines successfully pressed for bigger drug discounts and rebates, which slashed Valeant's revenue from sales in developed countries by 14 percent in the second quarter. As a result, Valeant yesterday reported a wider loss and an 11 percent dip in total revenue during the quarter. Still, its shares jumped after the beleaguered company stuck by its financial forecast for the year and said it would unveil a new strategy. Valeant's losses widened to $302.3 million, or 88 cents per share, from $53 million, or 15 cents per share, a year prior. Earnings, adjusted for one-time gains and costs, came to $1.40 per share.

Revenue tumbled to $2.42 billion in the period. Both results fell short of Wall Street expectations. Analysts had expected per-share earnings of $1.61, and revenue of $2.59 billion, according to a survey by Zacks Investment Research. Despite a weak quarter, Valeant stuck to earlier projections of annual full-year earnings in the range of $6.60 to $7 per share, with revenue in the range of $9.9 billion to $10.1 billion.

That eased some concerns for investors, who have seen the value of the shares they hold lose more than 90 percent of their value over the past year. Shares jumped 13 percent to $25.38 in morning trading yesterday. One year ago, shares cost about $264.

Valeant Pharmaceuticals International Inc., based in Laval, Quebec, said it is taking steps to streamline its portfolio of products and has agreed to sell rights to several drugs. On Tuesday, Pearson's successor, CEO Joseph Papa, said that the company would be taking a "new strategic direction." No details about that direction were released, but anything that brings Valeant closer to a more typical pharmaceutical concern would be a relief to embattled investors.

"Although it will take time to implement and execute our turnaround plan, I am confident that we will show progress in the coming quarters," Papa said in a company statement. —AP



JAKARTA: This general view shows the check-in hall at the newly-opened terminal 3 at Soekarno-Hatta International Airport in Tangerang, on the outskirts of Jakarta, yesterday. —AFP

# Indonesian capital's airport opens $560 million terminal

**JAKARTA:** The Indonesian capital's airport opened a new terminal yesterday after years of operating at far above its passenger capacity.

Domestic flights for national carrier Garuda began operating in the morning from Soekarno-Hatta airport's steel and glass $560 million Terminal 3. Its international flights will shift to the new terminal next month. Other airlines will gradually move their flights to the terminal and the airport company plans to start refurbishing two old terminals, built in 1984 and 1992, later this year.

Indonesia, an archipelago of more than 250 million people, is one of world's fastest growing air travel markets. But many international airlines bypass the capital Jakarta in favor of modern, high-capacity airports at Bangkok, Singapore or Kuala Lumpur for their Southeast Asian stopovers. The airport operator and government hopes the new terminal, and a third runway that is under development, will change that.

Budi Karya Sumadi, Indonesia's transport minister and former president of the airport company, said "this terminal was built to change the image of the capital Jakarta." Soekarno-Hatta airport will be able to handle 62 million passengers a year once the renovated terminals are fully operational again in early 2018. The airport handled about 54 million passengers last year, making it the 18th busiest in the world, according to Airports Council International. An electric train from the airport to the city is slated for completion in early 2017. —AP