Fourth Kuwait Investment Forum from Feb 18 to 19

By Nawara Fattahova

KUWAIT: The organizers of the Kuwait Investment Forum held a press conference yesterday to announce the launch of the 4th Kuwait Investment Forum, which will be held on Feb 18 and 19, 2017. The forum this year is titled 'Investing in Kuwait - Available and Lost Opportunities'. It will be held under the auspices of the Minister of Finance Anas Al-Saleh, and various ministers and specialists from the investment field from both the public and private sectors will be participating. In addition, MPs and directors of investment companies and banks will also attend this event.

This forum will discuss various issues that are interesting for investors in general and tools that encourage investments, in addition to reviewing the ways of providing services for companies and other investment institutions in Kuwait, including the legal aspect of encouraging investments.

Economic obstacles and the ways of eliminating it for the investors are the main topics of this forum. "We will discuss vital investment issues including the achievements and challenges of small and medium enterprises, the government's role in supporting and sponsoring small enterprises, the state's vision for the future, national view of the economy during the changes happening and a general view of the economy in Kuwait," stressed Madi Al-Khamis, CEO of Madi Media Group during the press conference.

KUWAIT: Madi Al-Khamis, CEO of Madi Media Group, addresses the press conference. — Photo by Yasser Al-Zayyat

The forum will also include workshops. "We will hold seminars and workshops to give an opportunity to investors to discuss their concerns with officials in order to reach positive results and reach solutions to the obstacles they are facing. A group of analysts and academic experts in the economic and development fields will give advice during these workshops," he added.

"The main goal of the Kuwait Investment Forum is to provide an attractive environment in Kuwait during both the present and future phases, especially that local investment is limited only to the stock exchange. This is impeding the sustainable development process of turning Kuwait into a financial center," concluded Khamis.

Tata Motors profits plummet 96% after cash ban

MUMBAI: India's largest carmaker Tata Motors yesterday reported a 96 percent fall in quarterly profits, due to a cash ban which hit domestic business and weak sales at its luxury Jaguar Land Rover unit. Consolidated net profit for the three months ending December fell to 1.12 billion rupees ($16.73 million) from 29.53 billion rupees a year earlier, the Mumbai-based company said.

Revenue fell 4.3 percent to 685.41 billion rupees. The company's commercial vehicles business saw a "demand shrinkage" owing to the Indian government's shock move in November to withdraw high-value banknotes from circulation, it said.

Prime Minister Narendra Modi's demonetization drive removed around 86 percent of India's cash at a stroke, triggering massive queues outside banks and a cash shortage that has hit businesses across the country. "The segment witnessed major pressure with a fall of nine percent year-on-year" in sales, the company said.

Its Jaguar Land Rover business saw "lower wholesale volumes and relatively weaker product mix... and overall higher marketing expenses," the company said in its statement. Shares in Tata Motors, part of the sprawling tea-to-steel conglomerate, fell 7.3 percent on the Bombay Stock Exchange yesterday. — AFP

Toshiba head resigns over huge nuclear business loss

TOKYO: Toshiba Corp's chairman resigned yesterday after the company logged such massive losses in its nuclear business that it must sell its lucrative computer-chip business to avoid going belly-up. The company projected a 712.5 billion yen ($6.3 billion) loss for its nuclear business related to the acquisition of CB&I Stone & Webster by its US nuclear unit Westinghouse. The company also said it will not take on new projects to construct nuclear plants. President Satoshi Tsunakawa said the company also was looking for potential partners to acquire a stake in Westinghouse.

He bowed deeply at a news conference to apologize for "troubling investors and stakeholders." Earlier yesterday, Toshiba delayed reporting its official financial results by a month, citing auditing problems. That sent Toshiba stock tumbling 8 percent in Tokyo trading. After the market closed, it released unaudited numbers, warning they may change "by a wide margin."

The company said Shigenori Shiga, the chairman, will step down from the board, effective Wednesday, but stay on as a Toshiba executive. Toshiba said its net worth was in the negative, at minus 191 billion yen ($1.7 billion) by the end of last year. The company hopes to fix that by the end of March by selling its flash-memory business and other assets.

In a stunning acknowledgement, Tsunakawa told reporters the company viewed its move into the nuclear sector by acquiring Westinghouse in 2006 as a misstep that led to its present woes.

Westinghouse's purchase in 2015 of CB&I Stone & Webster, a nuclear construction and services business, was aimed at winning more business in decontamination, decommissioning and plant projects. But it just amplified that problem. Auditors questioned Toshiba's latest reporting on the acquisition of CB&I Stone & Webster after a whistleblower, an employee at Westinghouse, wrote a letter to the Westinghouse president.

TOKYO: Toshiba Corp President Satoshi Tsunakawa leaves after a press conference at the company's headquarters in Tokyo yesterday. — AFP

The company said it will reorganize its nuclear business to be directly under Tsunakawa for stricter monitoring. It will also focus on reactor maintenance, the nuclear fuel business and decommissioning of the Fukushima nuclear plant in Japan, where reactors went into multiple meltdowns after the March 2011 earthquake and tsunami. Efficiency moves expected at CB&I Stone & Webster never played out, resulting in a huge overvaluation of the company's worth that led to the huge losses. Toshiba denied it had purposely covered up the problems. In its preliminary results, Toshiba said it anticipates a group net loss of 500 billion yen ($4.4 billion) for April-December of last year, including the 712.5 billion yen hit from its nuclear business.

The company is forecasting a group net loss of 390 billion yen ($3.43 billion) for the full year through March 31, instead of the 145 billion yen profit it had anticipated earlier.

Toshiba, founded in 1875, employs about 190,000 people and used to be one of the most respected brands of Japan Inc. It still has a sprawling business spanning household appliances, railways, hydrogen energy and elevator systems. The company has been grappling in recent years with a scandal over company officials' doctoring of accounting books to meet unrealistic profit targets. "It is so unfortunate that this has happened," said Ryoji Sato, a company director, when asked by a reporter about the company's promises to come clean. "We must keep trying to do better." — AP

Yemen's Houthis set import cap, suspend dollar buying

DUBAI: The armed Houthi movement that controls much of Yemen is setting a cap on imports and temporarily banning traders from buying dollars in an attempt to stop the decline of the local rial currency, according to a document seen by Reuters.

The moves could aggravate a food crisis in the Arab country, already ravaged by war, hunger and disease. The document was issued after a meeting on Monday in the capital Sanaa between the Houthis' deputy prime minister for economic affairs, Hussein Maqbooli, and representatives of banks, money changers and importers of wheat, flour, and fuel.

It said the trade ministry had been asked to set a ceiling on imports and to prepare a list of essential goods needed for the whole of 2017, suggesting a move to ration imports to cope with the financial crisis. The meeting agreed that importers of wheat, flour, fuel products, telecommunications equipment and tobacco will "stop buying dollars for 30 days, and to oblige money changers not to sell or speculate", according to the document.

Nearly two years of war between a Saudi-led Arab coalition and the Houthi movement, which is aligned to Riyadh's arch-rival Iran, has left four-fifths of the population in need of aid.

The war has split the country between two power centres: The southern city of Aden, controlled by the internationally recognised government of President Abd-Rabbu Mansour Hadi, and the Houthi-run capital Sanaa. Both have suffered from the unstable currency.

The Sanaa meeting came about following a sharp drop in the value of the rial, which was trading at 385 to the dollar in Aden and up to 330 in Sanaa. It had been around 310 for most of the past three months. Officials from the Houthi group could not immediately be reached for comment.

Money changers in Aden, worried by instability and speculation in the market, also suspended trading in foreign currency yesterday over the sharp drop in the value of the rial, which some said had increased since Hadi's government pumped some 200 billion rials printed in Russia into the market in January. Last week, the UN Food and Agriculture Organization said Yemen's estimated supplies of wheat would run out at the end of March.

The financial situation has become more chaotic since Hadi's government decided to move the central bank from Sanaa to Aden and name a new governor. The Houthis rejected the move, leaving two rival central banks operating in the country.

The confusion has pushed many Yemenis toward destitution after months of unpaid salaries. Officials said that the central bank under the control of Hadi's government was due to meet money changers in Aden to discuss ways to stabilize the rial. — Reuters

KUALA LUMPUR: A worker takes a break on a hanging construction platform while painting a residential building in Kuala Lumpur yesterday. — AFP

German investors brace for unpredictable 2017

FRANKFURT AM MAIN: German investor confidence suffered a sharper than expected tumble in February, data showed yesterday, as growing concerns over political uncertainty cast a shadow over Europe's top economy. The closely-watched index for investors' future expectations fell by 6.2 points to 10.4 points this month, the Mannheim-based ZEW institute said in a statement.

Analysts surveyed by Factset had forecast a shallower fall to 14.9 points in February from 16.6 points in January. "The downturn in expectations is likely to be the result of the recently published unfavorable figures for industrial production, retail sales and exports," ZEW president Achim Wambach said in a statement. "Political uncertainty regarding Brexit, the future US economic policy as well as the considerable number of upcoming elections in Europe further depresses expectations," he added.

Germany rounded off 2016 with a strong quarter of growth at 0.4 percent, official data released yesterday showed. But pointers towards the future outlook have become less robust as 2017 has got under way. The Munich-based Ifo institute's business confidence index fell in January, albeit less sharply than the investor survey, defying analysts' predictions of an increase.

Ifo's barometer however remains at a level indicating expansion, and a consumer survey from pollsters GfK found the public in "sparkling" mood in January.

In the light of the ZEW reading on Tuesday, "the more positive message from January's business and consumer confidence surveys may now be looking a little too optimistic," said economist Jessica Hinds of Capital Economics.

Transatlantic troubles

"Economic indicators speak for a solid start to the year 2017," the German economy ministry commented ahead of the ZEW release yesterday, pointing to solid business confidence and high levels of employment. Nevertheless, "uncertainties remain present, especially in the foreign trade environment," they acknowledged. Germany's traditional export motor-responsible for a record 253-billion-euro ($269 billion) trade surplus last year-faces headwinds as traditional free trade champions the United States and Britain hint at protectionism. US President Donald Trump is mooting border taxes to put his "America first" campaign rhetoric into action-potentially undermining business from Germany's biggest export customer.

And trade with key partner Britain could suffer if the island nation and the rest of the EU are unable to agree an amicable divorce as London moves to implement a referendum decision to quit the bloc. German exports to countries outside its European Union neighbors already fell slightly in 2016, official data released last week showed.

Berlin can look around at a eurozone in better shape than for some time, with 1.7 percent growth in 2016 — according to Eurostat data released yesterday beating growth in the US of 1.6 percent. — AFP

PSA Group exploring takeover of GM's unit Opel

FRANKFURT: France's PSA Group, maker of Peugeot and Citroen cars, says it's exploring a "potential acquisition" of Opel, General Motors' money-losing European business.

PSA Group said in a statement yesterday that it was considering "numerous strategic initiatives" that would expand the existing cooperation between the two companies, and that a takeover of Opel was one of them. PSA Group and GM are already involved in several joint projects in Europe. The Detroit-based automaker acknowledged the talks and cautioned that "there can be no assurance that an agreement will be reached."

A PSA-Opel combination would create the second-largest carmaker by market share in Europe, with 16.6 percent of sales according to 2016 figures. It would be second only to Volkswagen, with 23.9 percent - but would vault ahead of the Renault-Nissan alliance with 13.9 percent. GM has endured years of losses at its European business, which makes cars under the Opel and Vauxhall brands. It had hoped to reach break-even by now, but last year posted a loss of $257 million for the year even as GM as a whole turned in a robust profit of $9.4 billion. The company's earnings in Europe took a $300 million hit from the British vote to leave the European Union. The resulting plunge in the British pound shrinks the dollar value of earnings from its Vauxhall models in that market.

GM CEO Mary Barra has underlined the company's commitment to Opel several times in recent years. But the unexpected loss last year has increased pressure on the company to find a solution in Europe, and she expressed dissatisfaction with the situation there after the company's most recent earnings report. Barra said on a conference call that "without the negative impact of Brexit we would have achieved break-even in 2016."

"We aren't satisfied with these results," she said, "and the team is focused on mitigating the effect through further cost efficiencies" and new models. GM Chief Financial Officer Chuck Stevens said the company expected only a "relatively flat performance" in Europe this year. Opel has struggled to control costs due to stronger worker protections in Europe that make it harder to adjust production capacity to demand than in the US or other locations. Opel and Vauxhall also face tough competition for sales of less profitable mass-market vehicles. Opel has had success with models such as the Mokka small SUV, and sales rose 4 percent last year. Its mainstay Astra model, which competes with the Volkswagen Golf, won the European Car of the Year award at the Geneva auto show. But it lacks larger SUV models that would bring fatter profits.

GM and PSA Group formed an alliance in 2012 but in 2013 GM announced it was selling its stake. In 2009, GM agreed on a sale of a majority stake in Opel to Canadian car parts firm Magna International and Russian lender Sberbank but called the deal off as the GM's fortunes improved following its bankruptcy restructuring. — AP