

Kuwait Times 55th Anniversary BUSINESS

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WARREN: In this file photo, potential workers sit inside the Labor Ready temporary employment agency in the hope of getting a day job in Warren, Ohio.—AP

TRUMP HAS ECONOMIC GRACE PERIOD, DESPITE WOES

THE DILEMMA: HOW TO TURN HONEYMOON OF OPTIMISM INTO PRAGMATISM

WASHINGTON: Donald Trump has not yet taken office, but he is already boasting that his election has restored confidence in the American economy, boosted confidence and saved jobs. With a series of tweets, he has singled out several major companies and demanded they bring factories back to the United States to boost manufacturing and employment.

Several quickly complied. American carmaker Ford canceled construction of a plant in Mexico to instead invest in the United States and create 700 jobs, citing a "vote of confidence" in the economic agenda of the incoming president.

In December, it was the American manufacturer of air conditioners Carrier that backed off a planned transfer of 1,000 jobs to the Mexico, after a deal with Trump—and for \$7 million in tax cuts.

"You've been seeing what's been happening over the last couple of weeks. And we haven't gotten there yet. We haven't gotten there yet," declared Trump, who won the White House on the promise of bringing jobs and manufacturing back to the United States.

His election also created euphoria in US stock markets. The Dow Jones index has set multiple records since the November 8 election, coming close to the 20,000-point

milestone and proving wrong the many who predicted a market crash if Trump were elected.

"Before there was any chance that he would be elected, no one paid much attention to his program, which is what companies want: a lot of deregulation and tax cuts," analyst Aparna Mathur, of the conservative think tank American Enterprise Institute, told AFP.

'Thank you Donald!'

Several economic indicators also reflect this renewed sense of optimism. A December Philadelphia Fed survey showed the proportion of companies confident in the future doubled in one month, while household confidence reached its highest level in 15 years.

"Thank you Donald!" the president-elect said in a self-congratulatory tweet. His unprecedented strategy of tweeting his complaints against major companies—including General Motors, Ford and Toyota—and issuing threats if they don't invest in the United States, could prove to be worthwhile. "In a way, he's still continuing his campaign by reaching out to companies and giving the sense that he really cares about jobs," said Mathur, who nonetheless is convinced Trump will have to switch to a

more conventional approach once he is installed in the White House.

CEOs also seem to be getting the message. "We are pragmatic, we will adapt to any situation," said the chief of the Renault-Nissan alliance, Carlos Ghosn, speaking at the Consumer Electronics Show in Las Vegas. Toyota chief Akio Toyoda said, "If you look over the long term, we are oriented in the same direction," according to a Wall Street Journal article published shortly before Trump launched his tweet against the company, again for building a plant in Mexico. But the optimism of the American business community is also explained by a political fact unrelated to Trump's personality: for the first time since 2010, the White House and both chambers of Congress will be under the control of one party.

Uncertainty

"There's a general sense that more things will be able to get done because the US government is now unified behind the Republican Party," Mark Zandi, chief economist at Moody's, told AFP. President Barack Obama, a Democrat, constantly clashed with the Republican-controlled Congress, causing repeated budget crises and preventing any reform of corporate taxation, stalemates for which each blamed the oth-

er. According to experts, however, it will take much more to convert this honeymoon of optimism into a durable phenomenon. And numerous questions remain. Trump has promised a vast infrastructure spending plan, but the details are fuzzy and could burden public finances. In December, the US Federal Reserve pointed to the "considerable uncertainty" about the program of the next administration.

Finally, the trade war that Trump threatened to wage against China and Mexico could change the mood of American multinationals that depend heavily on their overseas activities, especially as the dollar strengthens and makes their exports more expensive.

"We have to see what he has in mind exactly, and what he actually executes on," Zandi said. Jared Bernstein, former White House counselor under Obama, is more definitive, and predicts a tough road ahead if Trump implements his program of deregulation and tax cuts. "People without economic amnesia—and there aren't enough of them according to my humble opinion—will remember that it was a very large tax cut in tandem with financial market deregulation that got us in this mess in the first place," Bernstein told AFP, referring to the 2008 financial crisis.—AFP

IRAN CASHES IN ON OPEC DEAL, SELLS MILLIONS OF BARRELS OF OIL

LONDON: Iran has sold more than 13 million barrels of oil that it had long held on tankers at sea, capitalizing on an OPEC output cut deal from which it is exempted to regain market share and court new buyers, according to industry sources and data. In the past three months, Tehran has sold almost half the oil it had held in floating storage, which had tied up many of its tankers as it struggled to offload stocks in an oversupplied global market.

The amount of Iranian oil held at sea has dropped to 16.4 million barrels, from 29.6 million barrels at the beginning of October, according to Thomson Reuters Oil Flows data. Before that sharp drop, the level had barely changed in 2016; it was 29.7 million barrels at the start of last year, the data showed. Unsold oil is now tying up about 12 to 14 Iranian tankers, out of its fleet of about 60 vessels, compared with around 30 in the summer, according to two tanker-tracking sources. The oil sold in recent months has gone to buyers in Asia including China, India and South Korea and to European countries including Italy and France, according to the sources and data. It was unclear which companies bought the oil. Iran is also looking to use the opportunity to push into new markets in Europe, including Baltic and other central and eastern European countries, said separate oil industry sources, though it was not clear if any oil had been sold there. The state-run National Iranian Oil Company (NIOC) could not be reached for comment. Tanker group NITC, which operates most of the country's fleet, could also not be reached.

Tehran scored a victory when it was exempted from the OPEC deal agreed in November to reduce production by 1.2 million barrels per day for six months, an accord aimed at addressing the global oversupply and bolstering low oil prices. The country successfully argued it should not limit its production which was slowly starting to recover after the lifting of international sanctions in January last year.

While the deal did not come into effect until the beginning of 2017, industry sources said Tehran had already been offering aggressive discounts, aiming to coax buyers globally into stocking up for winter in anticipation of the OPEC cut. Iran lacks enough land storage facilities for its oil and, to enable it to keep pumping crude, has relied on its tanker fleet to park excess stocks until it can find buyers. The tanker-tracking sources said it was unclear how much of the oil stored at sea was condensate, a very light grade of crude. In another sign of the rising activity, Iran's oil ministry news agency SHANA reported in late December that the number of tankers able to berth at major terminal Kharg Island had reached a record in 2016 of 10 vessels at the same time.—Reuters

IPHONE TURNS 10 AS SMARTPHONE RAGE GOES ON

LAS VEGAS: The smartphone continues to change the world a decade after the debut of the iPhone, even as Apple is under pressure to come up with a new wonder. The iPhone—introduced by late Apple co-founder Steve Jobs on January 9, 2007—set the stage for mobile computing and an entire industry revolving around it.

The handsets built on successful iPod digital music players and featured touch screens at a time when the smartphone market was ruled by BlackBerry devices with keypads. Jobs billed his smartphone approach as blending liberal arts, design and technology. What was not obvious at the time was how iPhone's focus on apps would send people rocketing along a path to tweeting, Snapping, Pokemon Go, live streaming video, and more.

"Apple gets credit for the apps that brought the mobile computing platform to your pocket," Gartner analyst Brian Blau told AFP at the Consumer Electronics Show that ends Sunday in Las Vegas.

"Today, it is hard to make a consumer electronics product without (internet) connectivity." Smartphones are even playing a big role in the virtual reality trend, with people using handsets as screens inserted into headsets for exploring fantasy realms. Apple does not attend CES. But its trend-

setting power is felt here from cars boasting "infotainment" systems that synch with iPhones, to smart-home networks controlled by mobile apps and rival smartphones mirroring iPhone features.

"The iPhone changed the world because mobile computing is now part of everyone's daily life," Blau said.

Altered landscape

The iPhone, in a way, was a seed around which the consumer electronics industry has crystallized, according to Maxwell Ramsey of mobile phone news website phoneArena.com. "It's pretty remarkable what it did," Maxwell said of the iPhone. "We are still riding that wave from 2007. No doubt about it." Putting the internet in people's pockets, and on tablet computers, has profoundly changed the way people watch films, get news, socialize and work. Insiders at the CES trade show cited the iPhone as the main impetus for the revolutionary shift to mobile computing lifestyles.

"It turned the industry on its head," Maxwell said at CES. "It figuratively destroyed a lot of companies, and changed the landscape." The iPhone powered Apple's money-making machine, but sales began to decline last year in the increasingly saturated and competitive smartphone

market. Apple chief executive Tim Cook and other top executives saw their compensation for 2016 cut because internal income targets were missed, according to a filing Friday with US regulators.

"The two financial measures used to

evaluate executive performance under our annual cash incentive program, net sales and operating income, declined from our record-breaking 2015 levels," Apple said in the filing. "These results were below the target performance goals."—AFP



LOS ANGELES: This file photo taken on 29 June 2007 at The Grove shopping center in Los Angeles, California shows John Mariano, 27, surrounded by onlookers and media. Apple celebrates today the 10th anniversary of the unveiling of the iPhone, the smartphone that revolutionized the technological world.—AFP