

## Business

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DETROIT: The NAIAS Car of the Year press conference is seen during the first day of the 2019 The North American International Auto Show yesterday at the Cobo Center in Detroit, Michigan. — AFP

## Carmakers grapple with uncertainty in 2019

## Auto industry gathers in Detroit amid concerns over global economy

DETROIT: The auto industry gathered Sunday in Detroit, on the eve of the last winter edition of North America's premiere auto show, as carmakers grapple with a contracting market and uncertainty in the year ahead.

Concerns over the health of the global economy and a US-China trade war loomed over the North American International Auto Show, as it prepared to open with the first five days dedicated to the media and industry insiders. The show opens to the general public on January 19.

While a number of major announcements were expected—including an anticipated strategic alliance between Ford and Volkswagen—there will be fewer automakers and new car unveilings, making it more subdued. "This is a transition year for the Detroit show," said analyst Michelle Krebs of Autotrader. "It's kind of emblematic of where the industry is. We're in a transition in the industry."

GM kicked off the string of new car unveilings by debuting its new Cadillac XT6 — a mid-size crossover in line with similar SUVs from competing luxury car makers. GM aimed squarely at Tesla in releasing concept photos for a future Cadillac electric SUV. The company said the

luxury brand would be the first to employ an upcoming electric vehicle platform, the time frame for which was not specified.

"Cadillac, being a leader in technology and innovation, it's very important that as we take it to the next level, we lead with Cadillac," GM CEO Mary Barra told reporters.

After a 10-year boom, analysts expect North American auto sales to contract in 2019, as consumers face pressures and carmakers grapple with multiple uncertainties. Rising interest rates and car prices have squeezed car buyers, and fewer of them are able to afford increasingly pricey, technology-heavy cars. Kelley Blue Book predicted the average new-car price was up about three percent in 2018 to more than \$36,000.

**Tariffs cause uncertainty**

Meanwhile, tariffs on imported steel and aluminum products and a potentially intensifying trade dispute between the Donald Trump administration and Beijing has automakers spooked, analysts said. "Tariffs already had an impact in 2018," said Cox Automotive chief analyst Jonathan Smoke, adding that 47 percent of the vehicles

sold in the US in 2018 were imported.

"We believe about two percent of today's prices are because of the tariffs that were already implemented." The US is considering additional tariffs of 25 percent. Should it announce such a move by the February 17 deadline, it could have a substantial impact on the industry and stock markets, Smoke said. "We believe that they are likely to move forward with some form of that tariff, because it becomes then a lever for them to force... further negotiations."

Should tariffs raise car prices further, analysts said it could substantially depress the new car market. Consumers would flock to relatively cheaper used cars, which are in ample supply.

The auto dealers association which organizes the show also was contending with the uncertainty of the show's very relevance. Almost all German carmakers abandoned the show this year, as more and more important announcements are made at other gatherings.

Next year, the Detroit show will move from January, when it has been held for some 40 years, to June.

Doug North, the chairman of the 2020 show told AFP

that the aim is to provide a more interactive experience for the nearly one million attendees who come to Detroit for the event. "Warmer weather, ride and drives, hill-climbs maybe, all sorts of kind of exhibitions, dynamic opportunities for people to be in and out of the cars, ride in them, for the manufacturers to show what they couldn't previously do inside," North said.

**Goodbye winter**

Among the few notable unveilings this year will be from Ford, which is expected to display a redesigned Explorer SUV and a more powerful version of its iconic Mustang sports car under the name Shelby GT500. SUVs and trucks will once again be the highlight, indicative of US consumers' drift away from sedans and small cars. Trucks and SUVs made up a majority of new purchases in the US last year.

"The SUVs have become cars with SUV bodies sitting on top of them," said Karl Brauer of Kelly Blue Book. Detroit's big three automakers have been ending production of almost all of their sedans and small cars, succumbing to the pressure of falling demand. — AFP

## Second Gulf entrepreneurship forum kicks off in Kuwait

By Faten Omar

KUWAIT: The second Gulf entrepreneurship forum kicked off yesterday at Four Seasons Hotel in Kuwait City. The forum was organized by the Ministry of State for Youth Affairs and New Kuwait under the slogan "The most important steps to success".

During his speech in the opening ceremony of the Forum, Assistant Undersecretary for Youth Development Sector Mishal Al-Subaie said that the forum aims to educate Gulf youth in the field of entrepreneurship, how to establish companies and manage optimally and how to achieve sustainable development.

He added, "The forum also aims to involve young people in leadership issues,



Ministry's entrepreneurship section chief Hessa Al-Ayar

strengthen their skills in entrepreneurship, strengthen relations between Gulf people, exchange experiences among them to contribute to the renaissance of the Arab nation and improve its civilization."

On her part, the ministry's entrepreneurship section chief Hessa Al-Ayar said in her speech during the opening session, that there is a renewed interest in the Gulf countries in the youth to properly qualify them



Assistant Undersecretary for Youth Development Sector Mishal Al-Subaie addresses the forum. — Photos by Joseph Shagra

in order to take leadership positions and actively participate in achieving sustainable development in the Gulf countries. "Entrepreneurship steps and relevant factors of success will be atop the agenda of the event. The conferees are expected to explore how to capitalize on the available tools of young people who are willing to get engaged in the realm of entrepreneurship," she added.



Ayar noted that the forum aims at empowering young people to develop their awareness of entrepreneurship and raising their skills to participate in the labor market. "Today, youth represent 72 percent of the people. Encourage their talents and give them the opportunity to express, innovate, and release their energies are the most important responsibilities of the State. We are delivering that in coordination with all

institutions of the State and civil society, through the presentation of positive models, successful experiences and the provision of many specialized and cultural programs." The event featured eight workshops and four seminars with the participation of a number of Gulf delegations, by five specialists in the field of entrepreneurship for each delegation, in addition to the owners of entrepreneurship existing projects.