# Future of Kuwaiti economy under the microscope at London event

## 'We welcome cooperation with the UK and Kuwaiti private sectors'

**LONDON:** Some of Kuwait's top public- and private-sector leaders, as well as a range of international investors, came together in London on June 17 to bring new momentum to Kuwait's development vision at the latest The Business Year event, The Role of the Private Sector in the Future of the Kuwaiti Economy. The event coincided with 120 years of UK-Kuwait friendship, and sought to bring new energy to Kuwait's plans for a diversified future and its bold Vision 2035.

After a welcome address by The Business Year CEO Ayse Valentin, HE Dr Nayef F Al-Hajraf, Kuwait Minister of Finance, kicked off the event, discussing the significance of 120 years of UK-Kuwaiti finance, while also delving into the future of Kuwait and highlighting the significance of young Kuwaitis in a post-oil environment. On the role of the ministry, he stated that, "We will continue providing all necessary financing to make sure all projects are completed and infrastructure upgraded."On Kuwait-UK relations, he said: "We welcome cooperation with the UK and Kuwaiti private sectors. With the help of the UK private sector, we hope we can achieve another 120 years of friendship between our two countries."

Director-General of Kuwait Direct Investment Promotion Authority (KDIPA) Sheikh Meshaal Jaber Al-Ahmad Al-Sabah made a presentation on Kuwait's advantages and potential, primarily highlighting the legislative and legal atmosphere and available investment opportunities, which are aimed at achieving economic diversification and promoting the private sector's role in the economy. He said Kuwait boasts great potential to be a significant destination for attracting investment in the region, pointing to progress in the field of developing and streamlining investment-bearing legislation and procedures. Sheikh Meshaal also said the holding of the conference in London comes within the framework of achieving Kuwait's 2035 development plan, and of promoting Kuwait's advantages. He noted that the aim of these conferences in major capitals is to attract direct added-value investments that provide jobs to young Kuwaiti people.

Among other speakers were Sir Roger Gifford, City of London Corporation and Chair of Green Finance Institute, Sylvain Broyer, Chief Economist EMEA a tS&P Global, Vomic Shah, Head of Origination at UK Export Finance (UKEF), Mazin Saad Al Nahedh, Group CEO of Kuwait Finance House, and Baroness Morris of Bolton, UK Trade Envoy to Kuwait.

### Digital connectivity

Mazin Saad Al Nahedh concentrated on the two main pillars he suggests will change Kuwait's financial landscape, namely digital transformation in the banking sector and goals contained within Kuwait's Vision 2035. "The 2030s will be the age of 'me,' with personalized services offered via the help of digital connectivity and AI models." He continued, "this trend will enhance the role of the private sector in the economy as it is a key part of Kuwait's efforts to become a finance hub."

Waleed Khaled Alkhashti, Chief Corporate Communications & Relations Officer at Zain Group, spoke on behalf of Vice Chairman and Group CEO Bader Nasser Al-Kharafi. Alkhashti spoke about the expansion of the role of Zain and its focus on digital transformation, innovation, the creation of ecosystems together with the public sector, and the role of women. He emphasized the need to encourage more people from the public sector into the private sector.

Later, Kuwait's financial sector and its role in continuing privatization was the focus of a second panel. Participants included Sheikh Ahmad Duaij Al-Sabah, Chairman of the Commercial Bank of Kuwait (CBK), Faisal Mansour Sarkhou, CEO of KAMCO, Adel Abdul Wahab Al-Majed, Chairman of the Kuwait Banking Association (KBA), and Roger Winfield, CEO Kuwait at HSBC Bank Middle East Ltd. Under the microscope was the role of Kuwait's banks in financing Kuwait's lofty development goals, the privatization story of Boursa Kuwait, Islamic finance, and how foreign investors evaluate the current landscape.

### Public-private dynamics

Finally, a panel on digital economy and entrepreneurship gathered Fahad Al Sharekh, Founder & General Partner at Tech Invest Corporation, Abdullah Al Mutawa, former CEO of Carriage, Athbi Alenezi, Co-founder & Managing Partner of Just Clean, and Henadi Al-Saleh, Chairperson of Agility. Discussing the tech start-up ecosystem, Fahad Al Sharekh talked about the difficulty of creating a sufficient ecosystem, suggesting that even London was struggling compared to places like Silicon Valley. "I think Kuwait needs a lot of work in terms of the legislation sector, the banking sector, and the education sector," he summarized. Henadi Al-Saleh discussed the significance of blockchain in the future of logistics and praised the public-private dynamics on show in Kuwait.

Discussing the role of women in the sector, she drew attention to the fact that over 50% of Agility's venture capital team are women. Fahad AlSharekh, discussing the need to create more private-sector jobs, stated that, "The biggest problem is a lack of meaningful jobs. An accountant in the public sector will be doing relatively the same thing as an accountant in the private sector. But if we can create more niche, meaningful jobs, such as digital marketing or branding roles, which do not exist in the public sector, we can encourage more people into the private sector."Athbi Alenezi spoke of changing attitudes, with young Kuwaitis slowly getting used the pace of the private sector, reflecting on his own experiences of running a successful start-up.

# Nissan shareholders approve post-Ghosn governance overhaul

**YOKOHAMA:** Nissan shareholders yesterday approved an overhaul intended to strengthen governance at the crisis-hit Japanese automaker, still reeling from the Carlos Ghosn scandal and facing tensions with its French partner Renault. Shareholders voted in favor of a series of reforms, including the establishment of three new oversight committees responsible for the appointment of senior officials, pay issues and auditing.

They also approved the election of 11 directors as the firm restructures, among them two Renault executives as well as current Nissan CEO Hiroto Saikawa. The reforms are designed to put Nissan on a more stable footing after the shock caused by former boss Ghosn's arrest on multiple financial misconduct charges.

Adding to the company's operational woes, net profit fell to a near-decade low in the last business year and it has already warned of "a difficult business environment" for the next 12 months. But the reform plan nearly fell apart after Renault, which owns 43 percent of Nissan, complained it did not have enough of a say in the new structure.

Crisis was averted when Nissan suggested Renault chairman Jean-Dominique Senard sit on the appointments committee, and CEO Thierry Bollore on the audit committee. However, Renault will not be represented on the new committee on pay — possibly reflecting long-standing rancour in Japan over Ghosn's high compensation compared to most Japanese CEOs.

### Under pressure

Saikawa has himself come under pressure, both for the disastrous financial performance of the firm and because the Ghosn protege is seen as a legacy of that era. He opened the meeting Tuesday at Nissan's headquarters in Yokohama outside Tokyo by offering "sincere regrets" over the tumult that has engulfed the firm in recent months. Saikawa assured shareholders he would protect the independence of Nissan, part of a three-way alliance with Renault and Japan's Mitsubishi Motors.


YOKOHAMA: Shareholders enter the Nissan shareholders general meeting. —AFP

Ghosn has accused Nissan executives of seeking to block his plans to more closely integrate the Japanese firm with Renault. And Saikawa said yesterday that "autonomy" would remain important for Nissan, while vowing to work with Senard to keep the alliance going in "the most sustainable way".

He said the sensitive issue of the current structure of the tie-up could need to be reconsidered "if imbalance becomes a factor of instability". The three-way alliance is the world's biggest-selling auto group, but it has been seriously strained by November's shock arrest of Ghosn, considered one of the auto industry's most powerful executives.

Since then, Nissan has accused Renault of having too much weight in the group, and of keeping it in the dark over its tie-up plans with Fiat Chrysler (FCA), which collapsed over reservations expressed by the French government. "Rebuilding a bond of trust is not very easy," noted Tatsuo Yoshida, an analyst at Sawakami Asset Management.

Senard told shareholders the FCA merger talks were meant to strengthen Renault's alliance with Nissan. "I beg you to believe me on that. There was no aggressive intention towards the company I am the director at," he said. Senard told a small group of journalists after the meeting that the recovery of Nissan was "the absolute priority."

"In the state the company finds itself, you would have to be blind or deaf not to understand that it is the main priority. The rest is secondary," said Senard. Ghosn, who has been sacked from all his roles at the auto firms, awaits trial in Japan on charges of under-reporting millions of dollars in salary and of using company funds for personal expenses. Ahead of the meeting, 67-year-old shareholder Hideo Yamada said he thought "there will be another round of tensions ahead" between Renault and Nissan, as they struggle to rebuild their relationship. Kiyoshi Shimizu, 70, said he was "70 percent in favor" of the proposed governance reforms, but "30 percent worried that it may slow the (management) speed". "It will be impossible to make quick top-down decisions," he said. — AFP

# What a 'No-deal Brexit' means for the UK economy

**LONDON:** Boris Johnson, the front-runner to be Britain's next prime minister, has raised the prospect of a shock for the world's fifth-biggest economy by pledging to leave the European Union on Oct 31 without a transition deal if necessary. Johnson's rival, foreign minister Jeremy Hunt, says he too would be prepared to lead Britain into a no-deal Brexit, but would be more flexible about the departure date. Here is an outline of the potential economic impact for Britain of leaving the EU without the cushion of a transition.

### UK economy

The Bank of England estimates a worst-case Brexit - involving border delays and markets losing confidence in Britain - could shock the economy into a 5 percent contraction within a year, nearly as much as during the global financial crisis. Output in a less severe but still disruptive no-deal Brexit - in which Britain and the EU avoid snarl-ups at the borders, for example - would fall by around 3 percent.

Over the longer term, Britain's finance ministry says the economy could be 8 percent smaller by 2035 after a no-deal Brexit than if it stayed in the EU. The hit would be bigger if migration slowed sharply. The BoE also sees a risk in Britain's wide current account deficit which leaves Britain reliant on "the kindness of strangers," in the words of Bank Governor Mark Carney. A no-deal Brexit could turn foreign investors off British assets. Brexit supporters have accused the BoE of scare-mongering but acknowledge the economy is likely to take a short-term hit. Former BoE Governor Mervyn King has said Brexit's long-term costs might not be very different from staying in the bloc.

### Trade

Brussels says a no-deal Brexit would mean British exports would be hit with import tariffs which stand at around 2-3 percent for non-agricultural goods but are higher for some goods such as cars and farm products. Johnson says Britain could avoid those tariffs, under world trade rules. That claim has been rejected by the BoE's Carney, trade minister Liam Fox and the EU's top trade official who say it would need an agreement with the EU.

For its part, Britain plans to eliminate import tariffs for many products for up to a year in the event of a no-deal Brexit. That would help reduce the inflationary hit to consumers but would expose many British companies to tougher competition. Manufacturers are worried about border delays which would hurt their just-in-time production schedules.

Britain's auto industry group has said delays could cost 50,000 pounds ($64,000) every minute in a worst-case scenario. Brexit supporters say the use of cameras and tracking technology would ease any border problems and that exports would flow freely once Britain gets an EU free-trade deal. Deals with faster-growing nations such as the United States, India and China would be a big boost for Britain, they say. But Britain's official budget forecasters say the benefits of such trade deals are likely to be small. — Reuters

# Bombardier sells regional jet division to Mitsubishi

**MONTREAL:** Canadian manufacturer Bombardier announced yesterday the sale of its CRJ Series regional jet program to Japan's Mitsubishi Heavy Industries (MHI) for US$550 million, effectively exiting the commercial passenger aircraft sector.

The deal with Mitsubishi, which has been seeking to break into aviation, comes after Bombardier recently sold a majority stake in its new medium-range C Series jetliners to Airbus, which has been renamed A220, and its Q Series turboprop line to a Canadian investment fund. The sale of the 75- to 100-seat CRJ line — along with its service and support networks in Montreal, Quebec City and Toronto; Bridgeport, West Virginia; and Tucson, Arizona — is expected to close by the end of 2020.

In a statement, Bombardier said Mitsubishi will also assume liabilities totaling $200 million, and take over all maintenance, support, refurbishment, marketing and sales activities for the aircrafts. Mitsubishi president Seiji Izumisawa said the CRJ will compliment the development and production of its SpaceJet family of commercial jets as it pursues future growth in this sector. —AFP

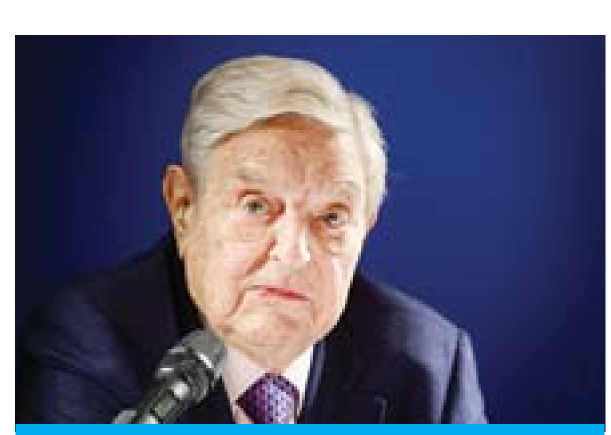
# Tax us more: US billionaires

**NEW YORK:** "Tax us more!" was the message on Monday from about 20 super-wealthy Americans who urged presidential candidates to back higher taxes on the wealthiest to confront climate change and other priorities. "America has a moral, ethical and economic responsibility to tax our wealth more," said the group, which included George Soros, Facebook co-founder Chris Hughes, descendants of Walt Disney and the owners of the Hyatt hotel chain.

"A wealth tax could help address the climate crisis, improve the economy, improve health outcomes, fairly create opportunity, and strengthen our democratic freedoms. Instituting a wealth tax is in the interest of our republic." Signers pointed out that fellow billionaire Warren Buffett has said he is taxed at a lower rate than his secretary. The letter alluded to support among Democratic presidential candidates for higher taxes on the super-wealthy, including Pete Buttigieg and Beto O'Rourke.

But the letter noted broad bipartisan support for taxing the super-wealthy, saying "some ideas are too important for America to be part of only a few candidates' platforms." It praised a proposal by Senator Elizabeth Warren that would lift taxes on those with more than $50 million in taxes, a measure expected to affect the 75,000 wealthiest families.

The letter was signed by 18 people representing 11 families, plus one anonymous person. Many in the group have been associated with progressive initiatives on issues such as climate change and the growing wealth gap. Of about 40 countries, the United States is the sixth highest in terms of wealth concentration, according to data from the Organization for Economic Co-operation and Development. Taxing the super-wealthy "would slow the growing concentration of wealth that undermines the stability and integrity of our republic," the letter said. "Today, major policies seldom come to pass without the prior support of wealthy elites or other wealthy interests. Division and dissatisfaction are exacerbated by inequality, leading to higher levels of distrust in democratic institutions- and worse." — AFP



DAVOS: In this file photo taken on January 24, 2019 Hungarian-born US investor and philanthropist George Soros delivers a speech on the sidelines of the World Economic Forum (WEF) annual meeting. — AFP