

Business

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Burgan Bank reports net income of KD 19.2m for first quarter of 2019

Operating profit of KD 29.2m with stable cost-to-income ratio of 41.8%

KUWAIT: Burgan Bank Group (Burgan) announced its financial results for the first quarter of 2019. Beginning this year, Burgan has revised its financial statements' closing process by changing the reporting date of its subsidiaries to one month earlier than the Group's reporting date. Accordingly, Burgan's Q1'19 financial results include only two months' (January 2019 & February 2019) results of its subsidiaries instead of three months (as included in the prior periods). This change will enable Burgan to accelerate its financial closing process and the required procedures for earliest possible release of the Group's financial statements to its stakeholders.

Key highlights of Burgan Bank Group's Q1'19 financial results are as follows:

- Revenue of KD 50.3 million while maintaining healthy Net Interest Margin of 2.7%
- Net income of KD 19.2 million with low Cost of Credit of 0.7%
- CET1 Ratio of 11.8% and CAR of 17.3%, indicat-

ing optimal capital levels

Our Kuwait operations, which is the core engine of the Burgan Bank Group, continues to perform strongly as reflected in the below mentioned key business metrics:

- Q1'19 Net Interest Margin of 2.3% (vs Q1'18: 2.3%)
- Q1'19 Cost-to-Income Ratio of 28.4% (vs Q1'18: 36.8%)
- Q1'19 Cost of Credit of 0.4% (vs Q1'18: 0.5%)
- Q1'19 NPL Ratio of 1.8% (vs Q1'18: 1.7%)

These results reflect the stability of the operating business model of Burgan Bank Group despite headwinds in certain markets in the region.

Majed Essa Al-Ajeel, Chairman of Burgan Bank Group said: "the Bank's business model continues to prove its resilience, while maintaining good progress on key initiatives aimed at mitigating risk, improving operating competences and capitalization levels."

"On behalf of the board, I take this opportunity to thank our customers and shareholders for the trust they have in our capabilities and our regulator, the Central Bank of

Kuwait, for their support. I would also like to thank our executive management team for their leadership and the excellent execution of the corporate strategy, and our staff for their continued support and commitment." concluded Al-Ajeel. The consolidated financials encompass the results of the Group's operations in Kuwait, and its share from its regional subsidiaries, namely Burgan Bank - Turkey, Gulf Bank Algeria, Bank of Baghdad, Tunis International Bank. Burgan Bank Group has one of the largest regional branch networks with 165 branches across Kuwait, Turkey, Algeria, Iraq, Tunisia, Lebanon and representative office in Dubai-United Arab Emirates.



Majed Essa Al-Ajeel



China says 'no information' on Xi-Trump meeting

BEIJING: The Chinese foreign ministry yesterday said it had "no information to offer at present" on a possible meeting between president Xi Jinping and his US counterpart to avert a trade war. As trade tensions escalated between the two countries, Donald Trump on Monday told reporters that he expects to meet with the president of China and Russia next month at the Group of 20 summit in Japan.

"The two heads of state maintain contact through various means," foreign ministry spokesman Geng Shuang said at a regular briefing yesterday. But when asked whether China was making preparations for a possible Xi-Trump meeting, Geng said: "I have no information at present about the specific question raised."

China said Monday it will raise tariffs on \$60 billion worth of US goods from June 1, in retaliation for the latest round of US tariff hikes and Washington's plans to target almost all Chinese imports.

The announcement came after the latest round of US-China trade negotiations ended Friday without a deal, and after Washington increased tariffs on \$200 billion worth of Chinese products. US President Donald Trump had also ordered the start of a process to impose new duties on another \$300 billion worth of

Chinese items.

The world's top two economies ended two days of negotiations in Washington on Friday with no deal.

Both sides have indicated that discussions will continue. Beijing's top trade negotiator, Liu He, likewise said Friday the next round would start in the Chinese capital at an unspecified date. The United States is pressing China to change its policies on protections for intellectual property, as well as massive subsidies for state-owned firms, and to reduce the yawning trade deficit.

Beijing had offered several concessions, including passing a new Foreign Investment Law that promises to cut red-tape and ban the illegal transfer of technology. A meeting between the two leaders was expected in March, but it never materialized as the two sides failed to reach a deal.

The US Trade Representative's office said it planned to hold a public hearing next month on the possibility of imposing duties of up to 25 percent on a further \$300 billion worth of imports from China. Cellphones and laptops would be included in that list but pharmaceuticals would be excluded, the office said.

The prospect of the global economy being derailed by the United States and China sliding into a fiercer, more protracted dispute has rattled investors and sparked a sharp selloff on equities markets in the past week.

"My understanding is that China and the United States have agreed to continue pursuing relevant discussions. As for how they are pursued, I think that hinges upon further consultations between the two sides," Geng Shuang told a daily news briefing, without giving details.

But China will not be bullied, he



HONG KONG: A container ship sails under the Stonecutters Bridge near Kwai Tsing Container Terminals in Hong Kong yesterday. —AFP

added: "We hope that the US side does not misjudge the situation and will not underestimate China's determination and will to safeguard its interests."

Sources have said talks stalled after China tried to delete commitments from a draft agreement that its laws would be changed to enact new policies on issues from intellectual property protection to forced technology transfers.

Geng said China had shown sincerity by still sending a high level delegation to the United States for talks last week and that China has remained calm in the face of pressure.

He put the blame on Washington for going back on its word in some previous rounds of talks, including last May, when the two reached an agreement in

Washington but then the United States backed out a few days later. "So you absolutely can't put the hat on China of reversing positions and going back on one's promises," Geng said, adding China had shown goodwill in the talks and kept its promises.

The Shanghai Composite Index lost 0.7 percent and the blue chip CSI 300 was 0.6 percent lower yesterday. But both indexes rebounded from opening down 1 percent, supported by suspected state-backed purchases. However, the onshore yuan weakened 0.1 per cent to its lowest level since Dec. 27, 2018, trading at 6.8874 per dollar, after the foreign ministry said it hoped the United States would not underestimate China's determination to defend its interests. —Agencies

India fears US-China trade war will lead to dumping of Chinese steel

NEW DELHI: India fears China could soon start flooding excess steel into its market after the United States raised tariffs on Chinese products due to the escalating trade war between the world's two largest economies, according to three government sources and four industry officials.

As a result, the Indian steel industry has asked the Indian government to put in so-called safeguard duties as much as 25 percent to protect it from growing imports. These would be imposed on steel that the government determines has been dumped in India at prices below the cost of production.

Since last year, China and the United States have been locked in a trade conflict as Washington seeks to fix the trade balance, currently tilted in favor of Beijing. The two nations have raised or threatened to raise tariffs on each other's goods, moves that could re-draw trade flows and

that have threatened to derail the global economy.

"China has excess (steel) capacity and there is a concern they could re-route it through other countries like Vietnam and Cambodia into India," an Indian government source with direct knowledge of the matter said. "Steel sector is vulnerable," the source said, declining to be identified due to the sensitive nature of discussions. India, the world's second-largest steel producer, turned net importer in the year ended March 31, 2019 after a gap of three years. That is because the country lacks the capability to produce high-quality steel and has lost some of its global clients to cheaper exports from China, Japan and South Korea.

"China, Japan, Korea which are major exporters to US, Europe and Canada, because of trade actions, they are also diverting steel into India," Seshagiri Rao, joint managing director at JSW Steel Ltd, told Reuters.

Safeguard duties

"It is very much essential for government of India to increase the safeguard duty to 25 percent as soon as possible," said Rao. Currently, there are a range of such duty levels. Last month, steel companies JSW, Steel Authority of India, Tata Steel, Jindal Steel and Power - controlling over 45 percent of India's total steel production - met with government officials to ask for safeguards, according to a source who attended the meeting. During the meeting, Steel Secretary Binoy Kumar, the top bureaucrat in the Ministry of Steel, also said that the steel industry was at

risk from global excess capacity, the source said.

Kumar said India need to act soon to protect its fragile steel industry from predatory imports as it would be difficult to revive it if the situation was allowed to deteriorate for three-to-four years. However, he said a decision on safeguard duties has not yet been taken.

The steel ministry did not respond to Reuters' emails and phone calls seeking comments. Neither did SAIL, Tata and JSPL. "What we are seeing is that part of displaced exports is already making inroads," said Arnab Kumar Hazra, assistant secretary general at the Indian Steel Association, which represents major steel producers. There was therefore every reason to argue for safeguard duties given the perceived threat, he said.

India had imposed a slew of safeguards in 2015-2017 on several steel products to curb cheaper imports and protect local industry, prompting Japan to refer India's behavior to the World Trade Organization (WTO) dispute panel. India's trade deficit with China jumped more than a nine fold over the past decade to \$63.05 billion in the year ending March 2018. With the latest US tariffs on Chinese goods, India fears Beijing could also re-route exports of electronic items, toys, furniture and organic chemicals to India through other Southeast Asian nations. New Delhi and Beijing have been negotiating over greater market access as China wants to export milk products and apples to India while New Delhi wants to sell China bovine meat, sources said. —Reuters

China's state media hits back at US on trade

BEIJING: Beijing unleashed its tightly controlled media this week after keeping a lid on rhetoric for months as the trade war with Washington reignited, with fiery clips from state media ricocheting around the internet. The spree of editorials and commentaries in China's state media on Monday and yesterday ramped up attacks on Washington and its trade tactics, with Beijing rolling out the propaganda campaign in sync with its retaliation on US goods.

China announced Monday it would raise tariffs on \$60 billion in US exports by next month, responding in kind to President Donald Trump's decision last week to hike duties on hundreds of billions of dollars in Chinese merchandise. The barrage began Monday night during state broadcaster CCTV's primetime newscast watched across China.

"China has already given its answer: talk and the door is open, fight and we'll fight you to the end," an anchor read, looking directly at the camera.

"Through 5,000 years of ups and downs, what kind of battle has the Chinese nation not seen! During the great process of realizing national rejuvenation, there will inevitably be difficulties, obstacles and even storms," he read. "China's policy toolbox is ready and prepared for a comprehensive response."

The clip ricocheted around the Chinese internet, trending on Twitter-like Weibo and going viral on Wechat, inviting a massive show of support from the country's legions of netizens.

Official news agency Xinhua yesterday accused the United States of "using underhanded means to achieve its aim" and "downright bullying" in an editorial. If the US thinks it "can achieve its goals with trade bullying, it is really underestimating the will and determination of the Chinese people to defend their core interests," the editorial said. The editor-in-chief of nationalistic daily Global Times Hu Xijin said, "For China it is the whole country and all the people who are being coerced, and for us this is a real 'people's war,' in a Monday commentary and accompanying online video. "Previously the Chinese government always understated the trade conflict with the United States, only said this is trade friction but now the trade friction has hit this level," said Shi Yinhong, director of the American studies center at Renmin University.

"This is only too belatedly they've accepted the fact that it is a trade war," he said.

For months as American and Chinese officials faced off at the negotiating table, China's media downplayed the trade tensions. Propaganda directives handed out last year instructed media to play down the trade war's effect on the stock market, refrain from whipping up public opinion, and halt mentions of Made in China 2025, an industrial policy that drew global criticism, according to China Digital Times, which publishes propaganda directives. —AP