

# Business

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## Boursa Kuwait gets CMA nod to revamp its Premier Market's promotion requirements

### New initiative will help increase listed companies on 'Premier Market'

**KUWAIT:** After the success of the "Premier Market", which is considered the ideal destination for investors for what it offers in terms of transparency and liquidity, Boursa Kuwait has received approval from the Capital Markets Authority to restructure its promotion requirements for its "Premier Market". The new parameters are expected to raise transparency and increase the issuer base in the "Premier Market" by potentially increasing the number of mid to large sized companies in it, all of which will reflect positively on the development of the Kuwaiti capital market and benefit its investors.

Companies listed in the "Premier Market" are required to maintain an average market capitalization greater than or equal to 78 million Kuwaiti dinars as a minimum, which is the median market capitalization of all companies listed on the exchange. This filter was developed by Boursa Kuwait, with the cooperation of the Capital Markets Authority, and will be updated whenever listed companies' market caps undergo considerable changes. Additionally, the requirement of a price to par ratio will be waived as per the new filters. Furthermore, a condition that the company has not faced any disciplinary sanctions, which could be related to the suspension of trading of its securities,

the suspension or revocation of its license, or the dismissal of all or some of the members of the board of directors or the CEO, during the two years prior to the annual review was added.

The new filters will be implemented starting from the annual review set to take place in January of next year, with the results announced on the second Sunday of January and taking effect on the second Sunday of February. The Capital Markets Authority Commissioners' Council also approved a Boursa Kuwait initiative to suspend reclassification of listed companies from the "Premier Market" to the "Main Market" due to not meeting liquidity criteria for this year only.

The Capital Markets Authority has supported the restructuring of promotion requirements because it aims to develop the Kuwaiti capital market overall by raising transparency levels and allowing more companies to be promoted into Boursa Kuwait's flagship market, raising the market's ability to attract local and foreign investors. The "Premier Market's" requirements and obligations, which include bilingual (Arabic and English) disclosures, the establishment of an investor relations department as well as quarterly analyst conferences, have made it the premier investment destination for investors from all classes since the market was seg-

mented around two years ago. With that in mind, Boursa Kuwait wants to increase the issuer base of that market and entice companies from the "Main Market", who fit the new criteria and want to attract the local and international investment community, to be promoted to the "Premier Market". It should be emphasized that a listed company eligible for promotion to the "Premier Market" must officially accept its promotion to the "Premier Market". Otherwise, it can opt to stay in the "Main Market".

It is worth noting that most investment products are more effective when there is more trading and liquidity on a particular stock and that most mid to large companies that enjoy high liquidity levels and continuous communication with their investors usually attract local and international institutional investors on a bigger scale.

Boursa Kuwait aims to entice more investors to the Kuwaiti capital market through its series of Corporate Days, showcasing some of its standout listed companies and the investment opportunities that reside in the Kuwaiti capital market. Putting these companies in touch with some of the world's leading investment firms and financial institutions, the events aim to highlight these companies' financial health and business strategies and outlooks helping investors gain an in-depth understanding of



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the benefits and opportunities of investing in Kuwaiti companies.

Boursa Kuwait is working to develop a strong and efficient financial market with liquidity and transparency, that can effectively put issuers and investors in touch with one other for investment opportunities and high returns on investment to create a developed capital market that is a pioneer in the region.



Fisherman Joe Paratore (left) displaying his catch of western rock lobster aboard his boat to customers at the Fishing Boat Harbour that features a bronze statue of a lobster fisherman in Fremantle in Western Australia. — AFP

## Australian lobster sector claws back trade after China ban

**FREMANTLE, Australia:** Even in the scorching Australian summer sun, long queues of customers snake around Fremantle harbor—a soothing sight for beleaguered local fishermen trying to replace lost business with China. Australia's rock lobster exports are worth half a billion US dollars a year—and in normal times, 94 percent of them go to China.

But all that changed a few weeks ago, when Beijing imposed a near-total import ban on lobster, part of a broader politically charged "shadow trade war". "It has affected us drastically," third-generation fisherman Fedele Camarda told AFP. "Our income has been reduced considerably."

Relations between Canberra and Beijing have been in free-fall for most of this year, with China hitting out at a list of issues including Australia's call for an inquiry into the origins of COVID-19 and a ban on Huawei's participation in the nation's 5G network. The row has seen more than a dozen Australian sectors hit with import levies, with the barley and wine industries particularly badly hit. Exporters stand to lose as much as US\$2-4 billion worth of sales.

So far, the broader Australian economy has weathered the storm. The economy returned to growth in the last quarter, exiting a COVID-induced recession.

But individual businesses have been forced to find new customers and markets overnight to avoid red ink, job cuts or bankruptcy.

### Close to home

Some barley farmers have planted other grains or re-routed shipments to the Middle East, and winemakers have focused on selling more in Japan.

But the lobster industry is looking closer to home. In a bid to help the ravaged sector, local authorities recently changed legislation to allow commercial rock lobster fishers to sell large quantities from the back of their boats during December and January.

So far the Australian public has responded enthusiastically, offering a much-needed lifeline to Camarda and his fellow vendors. Before the COVID-19 pandemic, prices topped \$80 a kilogram (\$36 a pound) in Western Australia and usually

averaged around \$53 per kilo.

On one muggy pre-Christmas weekday, sweat-drenched customers bought the world-renowned western rock lobster direct on the quay for \$34 a kilogram—a 36 percent markdown. "That's just enough to break even," Camarda said. "But we have been selling out almost every day. We are taking pre-orders as people want it for Christmas."

Ensuring they were set up to manage orders and make the product available to the public had been "a crash course," he admitted. Such is the demand across Australia that some supermarkets have had to place limits on the number of lobsters customers can buy.

Nick Van Niekerk, a resident of nearby Mosman Park, was one of those braving the heat to stand in line for 30 minutes. "I came down to support the local fishermen and show that we as a community care," he said. "It's important to be able to get lobsters directly from the boats and know what you're actually getting."

"Lobsters are usually really expensive, so to get them at an affordable price I think is great for the local community."

### The long haul

But everyone acknowledges back-of-the-boat sales are a short-term fix. In the longer term, Australia's fishermen are looking to get a higher price again in markets like Japan, the United States and Europe, and not just rely on one, politically fickle, customer. "China was willing to pay more and the whole market was essentially moved there," said Keith Pearce, the former president of the local Professional Fishermen's Association.

"The market needed to be diversified so you don't end up with the problem we have today," he added. Camarda is optimistic that the sector can pull through, despite the continued uncertainty.

His grandfather began dropping craypots in Fremantle in 1912 having come from Italy four years earlier, and he hopes that tradition can continue. "My family has been in the industry for generations but this is the sort of thing we have to endure from time to time," he said. — AFP

## British business breathes easy after no-deal Brexit averted

**LONDON:** Business breathed a sigh of relief after London and Brussels announced a post-Brexit trade deal, but called for greater clarity over services, and for the move to a new regime as smooth as possible. "This will come as a huge relief to British business at a time when resilience is at an all-time low," said Tony Danker, director general of employers' body the Confederation of British Industry.

He added: "With a deal secured we can begin our new chapter on firmer ground."

Britain has been one of the world's worst affected by the coronavirus pandemic, plunging its economy into a historic recession and slowing growth. The government expects a contraction of more than 11 percent in 2020 before rebounding to 5.5 percent next year.

New variants of the virus, which could spread more rapidly, have led to further stay-at-home orders across swathes of southern and southeast England, forcing already struggling businesses to close.

### Devil in the detail

Britain's departure from the EU single market could see it lose the equivalent of 4.9 percent of GDP over 15 years, according to government estimates in 2018. A feared "no-deal" would have compounded that, given it would have meant World Trade Organization rules, with high customs duties, quotas and tariffs, on top of extra paperwork for business.

Gregory McDonald, who runs a plastic manufacturing firm, Goodfish, in central England, said Brexit had already cost him £500,000 and forced him to cut 20 jobs. "I'm expecting tariffs will not be significant if at all but we're outside the customs union so there will be more paperwork," he said.

"There will be problems at ports like we saw with France closing its

borders," he added. The devil of the deal will be in the detail, according to Danker, as the CBI and captains of industry prepared to scrutinize the reported 2,000 pages of the treaty. "Immediate guidance from government is required across all sectors," he added, pointing out that the end of the standstill transition period ends on December 31.

"Above all, we need urgent confirmation of grace periods to smooth the cliff edge on everything from data to rules of origin and we need to ensure we keep goods moving across borders." Mike Hawes, chief executive of car industry trade body the SMMT, agreed: "A phase-in period is critical to help businesses on both sides adapt and efforts should now be sustained to ensure seamless implementation, with tariff-free trade fully accessible and effective for all from day one."

The car industry is one of the most exposed to Brexit given its reliance on "just in time" supply chain of components and parts from Europe and across the world. Britain's car manufacturers export most of their vehicles to the EU, and has faced warnings of factory closures if tariffs and quotas were imposed.

Many issues remain unresolved, notably the place of financial services, which represent 80 per cent of the British economy, as the newly inked deal focuses on trade in goods.

For the financial markets, an amicable divorce between the EU and the UK should result in smooth market continuity after four years of preparation. But from January 1, the UK financial sector and the City of London will lose its European "passport", a device allowing financial products and services to be sold from the UK in the EU. The City is now worried about negotiating an "equivalence" regime, which would make the rules compatible to keep trade in certain services flowing smoothly. — AFP



Fisherman Joe Paratore displaying his catch of the day to his customers at the Fishing Boat Harbor that features a bronze statue of a lobster fisherman in Fremantle in Western Australia. — AFP



In this picture, flags of the European Union can be seen fluttering outside the European commission headquarters in Brussels. — AFP