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Business

Chinese car brands have become major players in Kuwait auto sector: Envoy

China exported 295,000 NEVs in 2022, 46.6% of our total car exports: Ambassador

By Majd Othman

KUWAIT: Chinese car brands in Kuwait have overtaken German and Korean brands to become one of the major brands being sold in the country, said Zhang Jianwei, Ambassador of the People's Republic of China to Kuwait. Speaking to Kuwait Times on the sidelines of a workshop on Thursday titled "The Future of the Development of Chinese Cars in Kuwait", the ambassador said that there are around 78 international car brands in Kuwait, of which 22 are Chinese brands. "According to the statistics of the General Administration of Chinese Customs in 2021, China exported 17,859 cars to Kuwait, an annual increase of 81 percent, while the cash value amounted to \$134.5 million, an increase of 99.4 percent year-on-year," he said.

"This indicates the great technology of Chinese cars. About 10 years ago, Chinese car industry witnessed great development following the opening up of China to the world, including Kuwait, especially with the establishment of strategic relations between China and Kuwait in all fields, be it politics, economy, culture or humanitarian issues. This is the case in the field of automobile marketing as well. We expect promising prospects of exchanges between the two countries in all fields," Zhang added.

The ambassador said during his speech at the workshop that Chinese vehicles have achieved outstanding performances and won a great reputation in the Kuwaiti market. He outlined the reasons that led to an increase in the demand for Chinese cars. "Currently, new technologies are being widely used and designs and functions are constantly being upgraded. The continuous improvement of user experience according to the demands of the domestic market is a major feature of Chinese cars," he said.

New energy vehicles

"Since January to July 2022, China exported 295,000 new energy vehicles (NEVs), 46.6 percent of total exported cars. From opening up to other markets, introduction of joint ventures, independent production to exports abroad, the Chinese automobile industry has learned a lot and achieved significant growth in foreign exchange and continuous



KUWAIT: Ambassador of People's Republic of China to Kuwait, Zhang Jianwei, poses for a photo with participants of the workshop. — Photos by Yasser Al-Zayyat

cooperation. The policy of sharing the benefits with other markets was a basic principle for us, while it is impossible for the Chinese car market abroad to grow unless everyone shares our success with them. Without China's appropriate preventive and control measures and close coordination in all aspects during the pandemic, China's auto industry would not have been able to resume work and production in time, as well as to achieve a collective leap of growth," Zhang elaborated.

Vice President of Kuwait Union of Car Agencies Mohammad Al-Duwaihees told Kuwait Times that the role of the union is to facilitate and pave the way for both government and private parties to develop the automobile market, especially Chinese cars, because of their great demand in the region, espe-

cially in Kuwait. "Today we have a large number of Chinese brands in Kuwait. So we hope that this cooperation will be in place in the coming days, and we look forward to more cooperation with relevant government authorities," he said.

"The huge presence of Chinese cars in Kuwait is primarily due to our special nature, being a country with a long tradition of using cars, since the thirties. This makes Kuwaiti consumers experts in the automobile field. Since young people constitute the largest proportion of our society, technology has become a prerequisite in any industry. Since the Chinese automobile industry has become very developed and it possesses the most advanced technology, it is able to attract a large number of consumers, particularly the youth," Duwaihees pointed out.



Ambassador
Zhang Jianwei



Mohammad
Al-Duwaihees

Fed hikes rates again, warns inflation fight can't be 'painless'

WASHINGTON: The Federal Reserve rolled out another steep increase in the key US interest rate Wednesday and said more hikes are coming as part of the battle to rein in soaring prices—an aggressive stance that has raised fears of a recession.

And Federal Reserve Chair Jerome Powell warned that the process of conquering the highest inflation in 40 years will involve some pain.

It was the third consecutive increase of 0.75 percentage point by the Fed's policy-setting Federal Open Market Committee (FOMC), continuing the forceful action that has included five hikes this year.

The increase takes the policy rate to 3.0-3.25 percent, and the FOMC said it anticipates that "ongoing increases... will be appropriate." Soaring prices are putting the squeeze on American families and businesses, and have become a political liability for President Joe Biden as he faces midterm congressional elections in early November. But a contraction of the world's largest economy would be a more damaging blow to Biden, and the world at large. Powell has made it clear officials will continue to act aggressively to cool the economy and avoid a repeat of the 1970s and early 1980s, the last time US inflation got out of control.

It took tough action—and a recession—to finally bring prices down in the 1980s, and the Fed is unwilling to give up its hard-won, inflation-fighting credibility.

Amid criticism the Fed waited too long to move, Powell said the US central bank is committed to raising interest rates and keeping them high until inflation comes down, and he warned against reversing course too soon. "The historical record



WASHINGTON: US Federal Reserve Board Chairman Jerome Powell speaks during a news conference in Washington, DC, on September 21, 2022. — AFP

cautions strongly against prematurely loosening policy," Powell told reporters. He said there is no room for complacency and the Fed will "keep at it until the job is done," although at some point it will be appropriate to slow the pace of rate increases, depending on the data.

Pain

He acknowledged that bringing inflation down will require a period of slower growth and higher unemployment, noting that the job market is out of sync, with far more openings than workers. "We have got to get inflation behind us. I wish there were a painless way to do that. There isn't." But he said continued high inflation would be even more painful, especially on those least able to withstand it.

Economist Diane Swonk of KPMG said Powell "has stopped sugar-coating" what the battle to tame inflation will entail: "Growth will weaken and the unemployment rate will move up." The Fed's

European markets were down in afternoon trades, with London's FTSE 100 shedding 0.5 percent after the Bank of England raised its rate again to combat inflation and signaled that the UK entered recession in the current quarter. The BoE's 0.5-percentage-point hike was smaller than the US Federal Reserve's third consecutive 0.75-point increase.

The world's major central banks are rushing to ramp up rates to dampen red-hot global consumer prices, but traders fear rising borrowing costs will herald recession. While the Fed's 0.75-percentage-point rise was widely expected, there was some surprise at the central bank's forecast that borrowing costs would likely be held above four percent throughout next year.

quarterly forecasts released with the rate decision Wednesday show FOMC members expect US GDP growth to virtually flatline this year, rising just 0.2 percent. But they see a return to expansion in 2023, with annual growth of 1.2 percent. They project further rate hikes this year—totaling 1.25 percentage points—and more in 2023, with no cuts until 2024.

While the FOMC noted continued "robust" job gains in recent months and low unemployment, the forecasts project the jobless rate will rise to 4.4 percent next year and hold around that level through 2025 from 3.7 percent in August.

Inflation is a global phenomenon amid the Russian war in Ukraine on top of global supply chain snarls and COVID lockdowns in China, and other major central banks are taking action as well. Despite a welcome drop in gasoline prices at the pump in recent weeks, the disappointing consumer price report for August showed widespread increases. — AFP

Powell reiterated his determination to focus on bringing down inflation—which is at a four-decade high—and accepted that the campaign would hit Americans hard. "What hit home for market participants yesterday is that the Fed, steered by Fed Chair (Jerome) Powell, really means business now in restoring price stability, and if that means a hard landing for the economy, so be it," said Briefing.com analyst Patrick O'Hare.

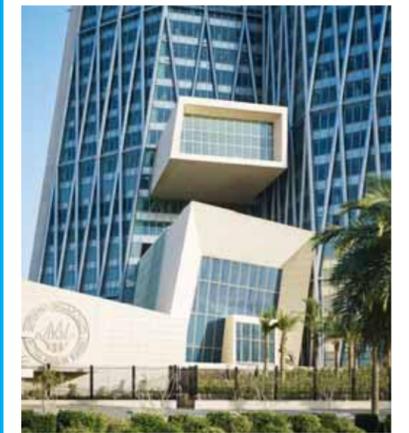
Switzerland and Norway also sprang hefty interest rate hikes on Thursday, two days after a super-sized. Oil prices extended recent gains after Russian President Vladimir Putin's announced a partial mobilization of the Russian army and made a veiled threat to use nuclear weapons against the West. — AFP

CBK raises discount rate by a quarter percentage point

KUWAIT: The Governor of the Central Bank of Kuwait (CBK), Basel A Al-Haroon, stated that the CBK decided to raise the discount rate by 0.25 percent from 2.75 percent to 3.00 percent effective September 22, 2022. The CBK also decided to change the rates of monetary policy instruments by varying percentages for the entire interest rate yield curve, including repurchases (Repo), CBK bonds and Tawarruq, term deposits, direct intervention instruments, as well as public debt instruments.

The Governor pointed out that the CBK monitors the dynamic movements of the economic indicators at both local and international levels in line with a deliberate approach to assess the foreseen impacts thereof. This contributes to the prudent management of the monetary policy that aims to reinforce the financial and monetary stability of the CBK-regulated entities, and helps affirm the attractiveness of the national currency as a lucrative and reliable store for domestic savings, on one hand, and foster an environment conducive to economic growth, on the other hand, taking into consideration the open nature of the Kuwaiti economy.

The Governor concluded that the CBK closely monitors the domestic and international economic and monetary developments, and takes any additional measures to safeguard the local monetary stability.



Markets drop as central banks hike rates

NEW YORK: Stock markets retreated on Thursday as the US Federal Reserve and European central banks unleashed more hefty interest rate hikes that aim to stomp inflation but raise fears of recession. On Wall Street, the Dow Jones Industrial Average opened higher but later followed the tech-heavy Nasdaq and broader S&P 500 into negative territory.