UIC, Vietnamese delegation discuss means to promote commercial ties

Delegation showcases investment opportunities in Vietnam

KUWAIT: The Union of Investment Companies (UIC) held a meeting with a visiting investment delegation from Vietnam on March 14. The meeting comes within the framework of UIC's efforts to promote local and international investments and encourage investment opportunities in Vietnam. The meeting was attended by Chairman of the administrative council of the Investment Capital Authority Nguyen Chi, head of the Vietnamese delegation, Vietnamese Ambassador to Kuwait Ngu Twang Thang and a number of executive directors.

Welcoming the ambassador and the Vietnamese delegation, Chairman of the UIC administrative board Saleh Al-Selmi stressed the importance of boosting cooperation and commercial ties between the two countries. During the meeting, the delegation indicated the promising economic development of Vietnam, with an increase in GDP growth of 8.02 percent in 2022. This growth is the highest achieved by any country in Southeast Asia and the eighth highest worldwide. The committee also stated that there was an increase in exports and imports, reaching $732.5 billion, an increase of 9.5 percent, and a $11.2 billion budget surplus.

In a presentation, the delegation displayed a number of projects and investment plans that are being prepared for implementation. The projects, considered ideal investment opportunities for investors, are primarily in sectors of construction and development of ports and large industrial centers, in addition to building airports and infrastructure. Moreover, investment opportunities in sectors such as minerals and pharmaceutical industry among others were also discussed.


KUWAIT: Saleh Al-Selmi with Nguyen Chi, Ngu Twang Thang and members of Vietnamese delegation during the meeting.


Saleh Al-Selmi honoring the delegation.

Selmi praised the Vietnamese initiative and the importance of the economic relationship between the two countries, as Kuwaiti companies can use their expertise and ability with regards to industry and transportation investments, among others. In conclusion of the meeting, the two sides agreed that this is an important step towards preparing more visits of economic delegations between the two countries, which will strengthen bilateral cooperation and investment opportunities.

GCC, UK conclude free trade talks

RIYADH: The third round of the free trade agreement negotiations between the Gulf Cooperation Council (GCC) for Arab States and the United Kingdom concluded on Thursday at the headquarters of the GCC General Secretariat in Riyadh. Launched last Sunday, the GCC side was headed by the Acting Chairman of the GCC's Negotiating team, Fareed Saeed Al-Asali.

The two sides sought to strengthen and develop their trade and investment relationship in the sectors of goods and services, and digital trade. They also hope to encourage investment and support the small and medium-sized enterprise (SME) sector. —SPA

UBS in talks to acquire ailing Credit Suisse

ZURICH: Switzerland's largest bank, UBS, is in talks to buy all or part of Credit Suisse, according to a report by the Financial Times. Credit Suisse-Switzerland's second-biggest bank-came under pressure this week as the failure of two US regional lenders rocked the sector. By the close of markets Friday, its shares had dropped eight percent.

The Swiss National Bank (SNB) and financial markets watchdog FINMA told their US and British counterparts their "plan A" to stop the crisis of confidence facing Credit Suisse was to merge it with UBS, the FT reported Friday, citing unnamed sources. The Swiss central bank "wants the lenders to agree on a simple and straightforward solution before markets open on Monday", the source said, while acknowledging there was "no guarantee" of a deal.

UBS wants to assess what risks a full or partial takeover of its rival could pose to its own business, another source told the FT. When reached by AFP, both SNB and Credit Suisse declined to comment, while UBS and Finma did not respond immediately. Credit Suisse, which has been in turmoil for two years, has been seen as a weak link in the banking sector due to a series of scandals and a major restructuring program launched last October. Its market value took a heavy blow this week over fears of contagion from the collapse of two US banks-Silicon Valley Bank and Signature Bank-along with the publication of its annual report, which cited "material weaknesses" in internal controls. But shares nosedived to historic lows Wednesday after its main shareholder, Saudi National Bank, said it would not raise its stake in the group due to regulatory constraints.

By Wednesday evening, SNB had stepped in with a $53.7 billion lifeline to reinforce the group. The idea of a takeover by UBS was also floated this week by analysts at JP Morgan, calling it "the most likely" scenario. The idea of Switzerland's biggest banks joining forces regularly resurfaces but is generally dismissed due to competition issues and risks to the Swiss financial system's stability, given the size of the bank that would be created by such a merger. —AFP

Moody's changes Saudi outlook to positive, affirms A1 ratings

PARIS: Moody's Investors Service (Moody's) has changed the outlook on the government of Saudi Arabia to positive from stable and affirmed its long-term issuer and senior unsecured ratings at A1.

The change of outlook to positive reflects the increasing likelihood that, through reforms and investment in various non-oil sectors, the sovereign's economic and fiscal reliance on hydrocarbons will, over time, materially decline, thereby reducing its exposure to oil price cycles and a potential acceleration in global carbon transition, while also diminishing the pressure on the government to support the kingdom's implicit social contract through growth in public spending.

The government is making progress in implementing its broad-based structural reform agenda, which will support the sustainability of the economic diversification efforts over the medium and long term. In addition, momentum is gathering behind a wide range of government-sponsored diversification projects and initiatives, which if successfully executed and, importantly, supported by private sector investment, will be the main driver of the expansion of Saudi Arabia's non-hydrocarbon sector and employment over the coming years.

The affirmation of the A1 ratings reflects the government's moderate debt burden, lower than most similarly-rated sovereigns, availability of robust fiscal buffers in the form of government financial assets, and high economic strength underpinned by Saudi Arabia's highly competitive position in the global oil market. Saudi Arabia's rating is constrained mainly by its structural vulnerability implied by its economic and fiscal reliance on the hydrocarbon sector, and by its susceptibility to event risks related to regional geopolitical tensions.

Over the next few decades, Moody's expects oil exports to produce less robust revenues at peak oil prices and weaker revenues at trough oil prices compared to historical experience because global initiatives to limit the adverse impacts of climate change will increasingly constrain the use of hydrocarbons and accelerate the shift to less environmentally-damaging energy sources. For Saudi Arabia, the credit impact of carbon transition is mitigated by the sovereign's demonstrable adjustment capacity and its progress on economic and fiscal diversification.

The rating action also affirms the A1 backed senior unsecured ratings of KSA Sukuk Limited, and its (P)A1 backed senior unsecured medium-term note program rating. KSA Sukuk Limited, a special purpose vehicle incorporated in the Cayman Islands, is wholly owned by the Government of Saudi Arabia and its debt issuances are, in Moody's view, ultimately the obligation of the government of Saudi Arabia. Moody's has also affirmed Saudi Arabia's Aaa.sa senior unsecured debt and senior unsecured MTN program ratings on the national scale.

Saudi Arabia's local currency (LC) and foreign currency (FC) country ceilings remain unchanged. The LC country ceiling at Aa2, two notches above the sovereign rating, incorporates reliance on a single revenue source for the government and non-government issuers and geopolitical risk, partly mitigated by relatively predictable institutions and external balance of payments stability. The FC country ceiling at Aa2, in line with the LC ceiling, reflects very low transfer and convertibility risks, given the central bank's very large foreign currency buffers.

Wall Street giants move to rescue First Republic Bank

WASHINGTON: America's largest banks moved to shore up First Republic, easing fears that the regional lender could be the next domino to fall after collapses including Silicon Valley Bank. A consortium of 11 US private banks, including Bank of America, Citigroup and JPMorgan Chase, announced they would deposit $30 billion into First Republic.

The move marks a dramatic initiative by the lenders to bolster the system following failures of three midsized lenders in the last week. "This action by America's largest banks reflects their confidence in First Republic and in banks of all sizes," the group said in a joint statement.

"Together, we are deploying our financial strength and liquidity into the larger system, where it is needed the most," the banks said. Shares of First Republic reversed earlier losses to close 10 percent higher on Wall Street Thursday. "This show of support by a group of large banks is most welcome, and demonstrates the resilience of the banking system," said leaders of the Treasury Department, US Federal Reserve, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency in a joint statement.

'Vote of confidence'

Bank of America, Citigroup, JPMorgan Chase and Wells Fargo each are making a $5 billion uninsured deposit in First Republic, while Goldman and Morgan Stanley will put in $2.5 billion each. A group of five other lenders, including PNC Bank and US Bank, are each allotting $1 billion. In a statement, First Republic founder Jim Herbert and CEO Mike Roffler said the "collective support strengthens our liquidity position... and is a vote of confidence for First Republic and the entire US banking system."

The action comes on the heels of emergency measures taken late Sunday by the Federal Reserve and other US regulators to assure all depositors of two failed banks, Silicon Valley Bank and Signature Bank.

On Thursday, the Fed said it has lent US banks close to $12 billion under a new one-year lending program unveiled Sunday as authorities moved to ease stress on the financial system. The total outstanding amount of all advances under the Bank Term Funding Program reached $11.9 billion by Wednesday, the central bank said.

In its earlier statement, the Fed said it was making additional funding available "to help assure banks have the ability to meet the needs of all their depositors." Data made available Thursday showed the vastness of the emergency assistance, with the Fed drawing an additional $152 billion in short-term borrowing for banks from its standing loan window, a dramatic increase against the roughly $5 billion from the previous week. With the seizure of SVB and Signature, an additional $142.8 billion was poured into the bridge banks created by regulators for the two collapsed banks, pushing the Fed's balance sheet up by about $300 billion in the past week.

Last Friday's SVB failure has sparked concerns about a contagion effect, with especially keen worries that more banks could suffer a run by depositors. The crisis has also spread to Europe, with the Swiss central bank intervening to support Credit Suisse after it came under pressure.

'Elevated' outflow risk

Founded in 1985, First Republic is the 14th largest US bank by assets, with $212 billion at the end of 2022. The lender headquartered in San Francisco is also present on

the East Coast including in New York and Florida, as well as in western states such as Washington.

But the majority of the bank's "affluent" client base is concentrated in coastal urban areas, Morningstar analyst Eric Compton wrote in a recent note to clients. The bank is known for private banking and wealth management. As a result of its clientele, it has a large percentage of uninsured deposits that has kept it under scrutiny after the failures of SVB and Signature.

Last week also saw the closure of crypto banking titan Silvergate, in the face of market turmoil and regulatory pressure. Although First Republic's customers come from a wide range of sectors, there have been concerns that many of them might look to flee to the relative safety of big, well-capitalized Wall Street banks in light of the ongoing turbulence in financial markets.

According to S&P Global Ratings, 68 percent of the bank's accounts hold deposits of more than $250,000, the level automatically guaranteed by US regulators. Wall Street stocks finished solidly higher following the 11 banks' announcement. —AFP

Lebanon banking chief maintains innocence in probe

BEIRUT: Lebanese central bank governor Riad Salameh maintained his innocence Friday following a second and final day of questioning in Beirut before European investigators in a probe into his personal wealth. Salameh, 72, is part of the Lebanese political class widely blamed for a crushing economic crisis that began in late 2019 and which the World Bank has dubbed one of the worst in recent history.

He faces allegations of crimes including embezzlement in separate probes in Lebanon and abroad, with investigators examining the fortune he has amassed during three decades in the job. Following a three-hour session Friday, Salameh released a statement saying he appeared as a witness and "not as a suspect or facing charges". "Funds from the Lebanese central bank were not transferred to my account," he said in a statement, adding: "The transfers I made abroad, whatever the amount, were from my personal account." The European investigators, including representatives of authorities in France, Germany and Luxembourg, are looking into allegations of financial misconduct, including possible money laundering and embezzlement.

Salameh "answered all the questions" and "pledged to provide all the documents tracing the sources of his wealth" as well as the addresses of people mentioned in the questioning sessions, a judicial official told AFP. Members of the European delegation plan to return to Beirut in April to question Salameh's brother Raja and former assistant Marianne Hoayek, the official said on condition of anonymity as he was not allowed to discuss matter with the press.

198 questions

Thursday's questioning session at Beirut's heavily guarded justice palace, which lasted more than five hours, was the first time Salameh had appeared as part of the European probe. The hearing had been scheduled to begin on Wednesday but Salameh failed to show up, claiming it was in "conflict with national sovereignty", an argument the judiciary rejected. For procedural reasons, the European investigators submitted their questions to a Lebanese judge, who was then responsible for putting them to Salameh in their presence, a judicial source previously told AFP.

Salameh had answered 198 questions during the two sessions, the first judicial official said, mostly about the central bank's ties to Forry Associates Ltd, a British Virgin Islands-registered company that listed Salameh's brother as its beneficiary. Forry is suspected of having brokered Lebanese treasury bonds and Eurobonds at a commission, which was then allegedly transferred to bank accounts abroad. Salameh denied that any central bank funds had gone to the company. He decried "ill intentions" against him and blamed an "ongoing media campaign" for his legal woes.

In January, the European investigators interviewed banking officials in Beirut about the transfer of funds to countries where Salameh has significant assets. During this week's sessions, Salameh was also questioned about "the huge funds and real estate he owns in Lebanon and abroad," the official said.

France, Germany and Luxembourg seized assets worth 120 million euros ($130 million) in March 2022 in a move linked to a French probe into Salameh's personal wealth. The three-decade bank governor has repeatedly denied any wrongdoing and has rarely appeared before investigating judges, despite numerous complaints and summonses. Last month, Lebanese authorities charged Salameh with embezzlement, money laundering and tax evasion as part of their own investigation. —AFP