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## Standard & Poor's forecasts stability for Kuwait economy

Agency affirms state's AA/A-1+ rating • Balance sheets to remain strong



BEIRUT: Deputy Prime Minister and Foreign Minister Sheikh Sabah Al-Khaled Al-Hamad Al-Sabah is received by Lebanese Prime Minister designate Saad Al-Hariri yesterday after he arrived to attend the 4th Arab Development, Economic and Social Summit. — KUNA (See Page 2)

**KUWAIT:** The government of Kuwait will remain in a substantial net asset position over the medium term, which should provide a safety buffer against external shocks, according to Standard & Poor's Financial Services LLC (S&P). "We are affirming our 'AA/A-1+' long- and short-term foreign and local currency sovereign credit ratings on Kuwait. The outlook is stable," it said in a freshly released report.

The report continues: "The stable outlook reflects our expectation that Kuwait's public and external balance sheets will remain strong over the next two years, primarily underpinned by sizable foreign assets accumulated in the country's sovereign wealth fund. This should partially mitigate risks related to Kuwait's undiversified oil-dependent economy, and rising geopolitical tensions in the region.

"We could raise the ratings if wide-ranging political and economic reforms enhanced institutional effectiveness and improved long-term economic diversification, although we think such a scenario is unlikely over the forecast horizon. We could lower the ratings on Kuwait if we observed a sustained decline in economic wealth levels, for example due to a

fall in oil prices beyond our current expectations or materially weaker rates of economic growth. We could also lower the ratings if Kuwait's domestic political stability deteriorated, or if regional geopolitical risks were to significantly escalate.

"The ratings on Kuwait remain supported by the country's high levels of accumulated fiscal and external buffers. The ratings are constrained by the concentrated nature of the

### S&P Global

economy and comparatively weak institutional settings compared with those of non-regional peers in the same rating category. Kuwait derives around 55 percent of GDP, more than 90 percent of exports, and about 90 percent of fiscal receipts from hydrocarbon products. Given this high reliance on the oil sector, we view Kuwait's economy as undiversified. Kuwait's economy remains almost entirely dependent on oil, which accounts for an estimated 90 percent of exports and gov-

ernment revenues.

"Given the oil production cuts announced by OPEC (of which Kuwait is a member) in Dec 2018, we have lowered our 2019 GDP growth forecast for Kuwait to 1.0 percent (we forecast 3.2 percent previously). Despite the economic diversification and reform efforts announced by the government, we expect progress to be only gradual. This carries downside risks if oil prices turn out weaker than expected. The oil sector directly comprises over 50 percent of the country's GDP, although if other related activities are taken into account, that proportion is even higher.

"As of 2017, Kuwait was the world's ninth-largest crude oil producer, with the seventh-largest oil reserves. Assuming current production levels, Kuwait's total proven oil reserves are equivalent to about 100 years. Given this high concentration, Kuwait's economic performance will remain largely determined by oil industry trends. We assume oil prices (Brent) will average \$55 per barrel (/bbl) over 2019-2022, which is lower than our previous oil price projections for these years. This is also lower than the average 2018 Brent price of \$72/bbl.

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## Real progress needed at new Trump-Kim meet

**SEOUL:** The planned second summit between US President Donald Trump and North Korean leader Kim Jong Un needs to make tangible progress on Pyongyang's nuclear weapons if it is to avoid being dismissed as "reality TV", analysts say. Their summit in Singapore in June was undoubtedly historic, the first ever encounter between the leaders of two nations whose forces - backed by arrays of allies from each side of the Cold War - fought each other to a standstill decades ago.

The world's media were transfixed as the pair shook hands on the verandah of a historic hotel and strolled together in its grounds, before Trump held an hour-long press conference extraordinary even by his own unique standards. But the agreement they signed was long on rhetoric and short on details, with Kim pledging to work towards the "denuclearization of the Korean peninsula".

Progress has since stalled as Pyongyang and Washington disagree over what that means and how to achieve it, with each accusing the other of dragging their feet and acting in bad faith. Critics say North Korea has made no concrete commitments and is unlikely to surrender its atomic arsenal, while Washington's policy of maintaining pressure through isolation and sanctions has left Pyongyang seething.

Even so the White House said Friday Trump would meet the North Korean leader again "near the end of February". While no decision has been made on location, a Vietnamese government source told AFP that "logistical preparations" were under way to host the summit, most likely in the capital Hanoi or coastal city of Danang.

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SINGAPORE: In this file photo taken on June 12, 2018, US President Donald Trump meets North Korea's leader Kim Jong Un at the start of their US-North Korea summit at the Capella Hotel on Sentosa Island. — AFP

## Mexico fuel pipeline blast kills at least 66

**TLAHUELILPAN, Mexico:** An explosion and fire in central Mexico killed at least 66 people after hundreds converged on the site of an illegal fuel-line tap to gather gasoline, officials said, during a government crackdown on fuel theft. "The toll that we have until a few minutes ago... is 66 dead, while 76 are injured," the Hidalgo state governor, Omar Fayad, said yesterday. Forensic specialists in white suits worked among

the charred, blackened corpses at the scene, which was guarded by soldiers as the pungent smell of fuel hung in the air.

Fuel traffickers had punctured the pipeline, leading hundreds of people including families to swarm the area, collecting the gasoline in jerrycans and buckets when the blast occurred Friday afternoon, witnesses said. Video taken in the aftermath showed screaming people fleeing the scene as an enormous fire lit up the night sky in Tlahuelilpan, Hidalgo state, north of Mexico City. "I went just to see what was happening, and then the explosion happened. I rushed to help people," Fernando Garcia, 47, told AFP. "I had to claw through pieces of people who had already been burned to bits."

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TLAHUELILPAN, Mexico: A fire rages behind the bodies of burned victims at the scene of a massive blaze triggered by a leaky pipeline early yesterday. — AFP

## Women march in US cities for 3rd straight year

**WASHINGTON:** Women marched in hundreds of US cities and overseas yesterday to mark the second anniversary of demonstrations that drew millions of protesters to the streets the day after Republican President Donald Trump's inauguration in Jan 2017. Women's March, a national non-profit organization that evolved from the initial Washington march, again hosted its main event in Washington, with hundreds of "sister" marches in other cities. March

On, a separate grassroots coalition that also grew from the original march, coordinated hundreds of marches in cities such as Boston, Houston, Baltimore and Denver. Leaders of both groups said they would use this year's marches to push policy related to raising the minimum wage, access to reproductive and healthcare and voting rights, among other issues. They are aiming to mobilize women to vote ahead of the 2020 elections, when Trump is expected to be the Republican nominee for president.

"There is definitely huge, huge focus on the 2020 elections," said March On's Natalie Sanchez, an organizer of the 2017 Boston Women's March who is also with March Forward Massachusetts, which organized Saturday's march there.

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NEW YORK: Protesters march during the Women's Unity Rally at Foley Square yesterday. — AFP

## Giant great white swims with divers

**LOS ANGELES:** Divers in Hawaii were watching a school of tiger sharks feast on a dead whale on Tuesday when a much bigger fish appeared out of the depths. A 20-foot-long great white shark, believed to be one of the largest in the world, swam right at the divers then began to check out their boats, said Ocean Ramsey, one of the marine biologists in the water at the time. The great white in question is named Deep Blue and has been videoed before. In fact, the 50-year-old female has made such a name for herself in the world

of marine biology she even has her own Twitter account.

"Deep Blue came up and brushed up against the boat, maybe she's pregnant, maybe she's itchy?" Ramsey wrote on Instagram. "We spent the entire day with her till the sun went down." Ramsey, a shark conservationist, posted pictures and video of the encounter to show great whites are not "mindless monsters". "We need sharks and yet, perhaps because of the negative and inaccurate way they are portrayed in mass media many people do not care that they are being killed at a rate of 70,000,000-100,000,000 every year!" she said, criticizing the mass slaughter of the creatures to make shark-fin soup.

The great white is uncommon in Hawaii's warm waters, but hunger could have driven Deep Blue out of her comfort zone, Ramsey said. — Reuters



OAHU, Hawaii: Diver Ocean Ramsey swims next to a female great white shark off the coast of Hawaii on Jan 15, 2019. — AFP (See Page 24)