

Business

CSCEC supports 'Kuwait Vision 2035'

Top Chinese construction company seeks to bolster partnership in Kuwait



The Kuwait University project



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By Faten Omar

KUWAIT: Heading toward modernization of Kuwait in line with Kuwait Vision 2035, many foreign companies have come forward in participating in the development programs of the country. China State Construction Engineering Corporation (CSCEC) Middle East is one of the pioneering companies that opened its first overseas office in Kuwait in late 1970s.

The China State Construction Engineering Corporation is the largest construction company in the world by revenue and the 14th largest general contractor in terms of overseas sales as of 2016.

Li Biao, Deputy General Manager of CSCEC, said that the company was in charge of various construction projects in Kuwait, which in turn add to the success of Kuwaiti-Chinese partnership.

Biao told the Kuwait Times that CSCEC appreciates the level of cooperation it enjoys in the State of Kuwait. He said the company is eager to bolster its ties further to contribute to various development plans, the Kuwait Vision 2035 and China's Belt and Road initiative.

He affirmed the achievements made by CSCEC, stressing that it played an integral role in aiding Kuwait to realize its development vision under the supervision of the Kuwaiti leadership.

"CSCEC was in charge of various construction projects in Kuwait, which in turn adds to the success of Kuwaiti-Chinese partnership. It has started in 2006 with the construction of the Central Bank of Kuwait's (CBK) headquarters along with various projects. CSCEC is also involved in the Kuwait University Shadadiya campus project and other endeavors within the infrastructure and housing domains," he added.

He noted that after His Highness the Amir Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah's visit to China, the CSCEC was registered with Kuwait Direct Investment Promotion Authority (KDIPA), which was a great step toward more cooperation between China and Kuwait.

Biao said that Kuwait is developing fast, but he suggested that the procedures need to be easier for contractors to get involved in projects faster. "China provides adequate support to our clients and addresses their needs in achieving their business objectives in the market. I noticed some improvements in Kuwait during our project implementation for the Kuwait University. They have begun to minimize the procedures of payments which helped the contractor a lot. But certain other procedures still remain complicated and not easy to get through," he suggested. In 2016, The Headquarters Building Project of the Central Bank of Kuwait received top honors for projects excellence at the 2016 MEED Quality Awards for Projects. Also, the Corporation was awarded the contract to construct the project of Construction, Completion, Operation and Maintenance for Administration Facilities—Sabah Al-Salem University City—Kuwait University by Kuwait Central Tenders Committee.

The project consists of seven buildings, with distinct and unique shape, such as Administration Building, Grand Mosque, Cultural Centre, Convocation Hall, Conference Centre, University Library and Visitor Centre, etc. The Administration Facilities, creatively designed, functionally serves as the main gateway to the university city. It is characterized by light lacy screens creating a very harmonious and interactive dramatic effect.

The CSCEC was founded in 1957 as a state company. Earlier, the company had an international profile building



Awards



Li Biao, Deputy General Manager of CSCEC at Kuwait University construction site



heavy industry and infrastructure in Asia, Africa and the Middle East. It has over 100 bureaus globally.

China State Construction Engineering Corporation (Middle East) (L.L.C) is an integrated part and one of the major overseas operational entities of China State Construction Engineering Corporation Ltd. (CSCEC), whose shares are traded on the Shanghai Stock Exchange.

In the Middle East Region, CSCEC is one of the region's largest construction groups with offices in the Kingdom of Saudi Arabia, Kuwait, Bahrain, and Qatar. The company's regional Headquarters are located in Dubai UAE. China State Construction Engineering Corporation is

the world's largest transnational multidisciplinary conglomerate in the field of civil and industrial engineering as well as real estate development, and the No 1 home builder in the world. In 2016, CSCEC ranked top 27 on the list of Fortune Global 500 companies. By this ranking, CSCEC has realized its strategic target set in the company's "13th Five-Year" Plan ahead of schedule.

"With great support from our parent company, we are actively seeking opportunities for alternative/innovative forms of contract including Project Investment, Project Financing, EPC and Design & Build projects," he said.

"We are dedicated to providing a one-stop service for



The Central Bank of Kuwait building

all elements of the construction process from planning, design, construction to operation and maintenance. To achieve our goals, I am supported by a strong team of dedicated and experienced staff and skilled workforce working in our region and site offices already established in the Middle East. For the future challenges, we should be firm, strong-willed and spare no effort to diversify our business model and improve the efficiency of the operation to meet our aim to be one of the most competitive international contractors in the Middle East," he concluded.

Citigroup doubles down on credit cards even as US economy softens

NEW YORK: Despite signs that the US economy is slowing, New York-based Citigroup Inc is betting big on credit cards. Citigroup, the third-largest US card issuer, according to payments industry publication The Nilson Report, has been among the most aggressive promoters of zero-interest balance transfers.

For a small fee, customers can move debt from a rival card onto Citi's plastic and pay no interest for 21 months. That is currently the longest 0% deal in the industry, according to consumer finance company Bankrate L.L.C. Rivals offer 15 interest-free months with no fee.

The card business now accounts for nearly one-third of Citigroup's overall revenue and is one of the biggest potential drivers of future earnings growth. But some analysts and investors worry this portfolio could become a liability if the economy goes south. The bank continues to advertise zero-interest deals on popular personal finance websites and through mailers, even as competitors have scaled back.

"Just recognizing where we are in the credit cycle, it's interesting to see Citigroup doubling down and pushing forward," said Moody's analyst Warren Kornfeld. Credit card customers who use balance transfers are considered higher risk because they often use the easy financing to accumulate more debt, according to bank analysts and credit underwriters. Wall Street's worst fears lie with borrowers such as Jacqueline Alvarado, a Pennsylvania truck

driver who now owes \$12,000. Over the past five years, Alvarado says she has moved balances around on 19 cards, including one from Citigroup, to avoid finance charges. If the promotional offers dry up, she said, so do her hopes of paying off that debt. Zero interest is "the only way I can stay afloat," said Alvarado, 40.

In interviews with Reuters, Citigroup executives defended their card strategy and tough underwriting standards they say will protect the bank from major losses in the event of a downturn.

Citigroup's card business has reported delinquency rates far below the industry average in recent years, according to federal data and filings. In addition, 83% of consumers in its American credit card business, excluding its retail partnership cards, have credit scores of 680, which is considered a good score, according to credit rating firm Experian.

Tempting borrowers

Citigroup counts on customers sticking around after the promotional period expires. With annual percentage rates of up to 27 percent on its cards, the profits on borrowers who carry balances can be juicy. The strategy so far is paying off. Interest-bearing balances rose 10 percent in the second quarter versus the year-ago period. That growth helped boost overall profits on consumer lending by 9 percent.

Anand Selva, the bank's head of consumer strategy, said he expects the business to continue picking up steam. Citigroup shares have rallied more than 20 percent so far this year. The KBW Banking Index, the benchmark stock index for the US banking sector, rose 6 percent over the same period. Selva says Citigroup has taken other steps to encourage cardholders to do more than transfer balances. For example, it has sweetened its reward program by offering a new credit card that rounds up to the nearest 10 reward points on every new purchase. And it has introduced installment loans linked to credit lines for large purchases. Major card rivals, meanwhile, are

proceeding more cautiously. Discover Financial Services, known for flooding mailboxes with promotions, has said on analyst calls that it is paring those offers and tightening personal loan underwriting over concerns the economy is slowing. Capital One Financial Corp., which pioneered balance transfers in the early 1990s, similarly told analysts and investors it has become more conservative in extending credit lines while targeting wealthier clients who typically do not carry balances. Bank of America Corp and JPMorgan Chase & Co., two of the biggest card lenders, have grown their businesses by prioritizing affluent consumers over people already carrying credit card debt, according to analysts.

Card crunch

Citigroup has leaned more on its card business since the 2007-2009 financial crisis. The bank required three government bailouts when its US subprime mortgage business turned toxic and caused it to shrink its portfolio to stem losses. It sold its retail wealth management unit to Morgan Stanley, and it no longer engages in traditional mortgage and auto lending. Citigroup now has one-fifth the number of US branches as its primary competitors. So it has turned to its card business to drive growth and lure deposits. The bank now earns more than half of its consumer profit and revenue from cards. And it markets online checking and savings accounts to its 28 million cardholders. Doing so helped Citigroup add \$2 billion in consumer deposits during the first half of 2019. That is more than double what it gathered all of last year.

Analysts said the business will be a bright spot for Citigroup - as long as the economy remains healthy. US banks suffered \$87 billion in losses on credit card loans from 2009-2010 in the wake of the financial crisis, according to a Federal Reserve report. Alvarado, the truck driver, said she has been slowly chipping away at her balance thanks to 0 percent financing. "This works out for me for now, until they change it," she said. — Reuters

Cuba remittances cap will not apply to private sector: US

WASHINGTON/HAVANA: The Trump administration on Friday published new limits on money transfers to Cuba as part of tighter US sanctions on the island, but the previously announced rules allow funding for private businesses, and pro-democracy and citizen groups.

US remittances to Cuba have surged to an estimated several billion dollars per year since former US President Barack Obama started easing restrictions on them a decade ago, playing an increasingly important role in the beleaguered Cuban economy. But the administration of US President Donald Trump has reversed Obama's policy of detente, reinstating such limits and sanctions in what it says is an attempt to coerce the communist government into reform and abandoning support for leftist Venezuelan President Nicolas Maduro.

Analysts say it is likely also eyeing the anti-Castro Cuban American vote in the key swing state of Florida in next year's presidential election. "Through these regulatory amendments, Treasury is denying Cuba access to hard currency, and we are curbing the Cuban government's bad behavior while continuing to support the long-suffering people of Cuba," Treasury Secretary Steven Mnuchin said in a statement. Cuban Foreign Minister Bruno Rodriguez said on Twitter he strongly rejected the measures aimed at strengthening the "economic siege against Cuba." "The opportunistic attempts to divide Cubans will fail," he said. The US Treasury Department said in a statement on Friday its Office of Foreign Assets Control (OFAC) had amended its regulations to reflect the new limits on remittances announced in April by US National Security Adviser John Bolton.

The changes, which go into effect on Oct 9, cap the amount Cuban Americans can send family members to \$1,000 per quarter, and no longer allow transfers of money to nonfamily members. However, the department said it was adding a provision authorizing remittances to certain individuals and independent nongovernmental organizations in Cuba that would "support the operation of economic activity in the non-state sector." — Reuters