

## Business

# MoF releases Kuwait's closing accounts for fiscal year ending March 31, 2020

## Fiscal deficit up by 68.6% compared to last year's closing accounts

KUWAIT: The Kuwait Ministry of Finance (MoF) yesterday announced the State of Kuwait's closing accounts for the fiscal year ending March 31, 2020. The State's accounts recorded KD 17,220 billion in revenue, KD 21.140 billion in expenditure, and closed with a fiscal deficit of KD 5.643 billion after accounting the transfer of 10 percent of total revenue to the State's Future Generations Fund (FGF) as mandated by law. The State of Kuwait's fiscal year starts on April 1st and ends on March 31st.

The Kuwait Minister of Finance Barrak Al-Sheatan said, "The State of Kuwait has posted a deficit of KD5.643 billion for the fiscal year 2019/2020 post FGF transfer. The deficit is attributed to the sharp decline in oil prices and the shutdown of government operations as a result of the COVID-19 crisis. Earlier this month, the cabinet submitted a proposal to parliament to cease the 10 percent transfer of all States revenues to the Future Generations Fund (FGF) as part of several measures underway to prop up liquidity in the general reserve."



**Oil revenue down 16.6% compared to last year**

### Revenue Highlights:

- Oil revenue: KD15.4 billion, down 16.6 percent from last year
- Non-oil revenue: KD1.9 billion, down 13.1 percent from last year
- Total Revenue: KD17.2 billion down 16.2 percent from last year
- Average Kuwaiti crude selling price for the fiscal year: USD 61.12 per barrel

### Expenditure Highlights:

- Wages and subsidies: KD15.992, constituting 76 percent of all expenditure.
- Capital Expenditures: KD2.634 billion, constituting 12 percent of all expenditure.
- Total Expenditures: KD21.1 billion down 3.2 percent from last year's closing accounts.

### Balance Highlights:

- The recorded fiscal deficit for the year pre-FGF transfer is KD3.921 billion. The recorded fiscal deficit post-FGF transfer is KD5.643 billion, up 68.6 percent from last year. This is the sixth consecutive year of deficits for the State of Kuwait.

● By law, the State transfers 10 percent of total annual revenue to the Future Generations Fund (also known as Kuwait's Sovereign Wealth Fund) managed by the Kuwait Investment Authority. This year's transfer total was KD1.72 Billion.

● The actual deficit for the year ending on March 31, 2020 will be covered by withdrawals from the General Reserve Fund (GRF, the State's treasury) in the absence of a law governing the issuance of sovereign bonds. The last active debt law expired in October 2017. In Kuwait, all laws must pass through its freely-elected parliament.

\* By law, the Closing Accounts do not include revenue from the FGF, which is managed by the Kuwait Investment Authority. All investment revenue from FGF activities are reinvested by the Fund.

### State of Kuwait Closing Accounts

	Fiscal year ending in 31 March 2020	Fiscal year ending in 31 March 2019	%	% Compared to Budget
<b>Revenue</b>				
Oil	15,369	18,428	(16.6)%	10.9%
Non-Oil	1,851	2,130	(13.1)%	-5.1%
<b>Total Revenue</b>	<b>17,220</b>	<b>20,558</b>	<b>(16.2)%</b>	<b>8.9%</b>
<b>Expenditures</b>				
Salaries and Wages	(11,966)	(11,452)	4.5%	(0.4)%
Subsidies	(4,027)	(4,882)	(17.5)%	8%
Capex	(2,634)	(3,032)	(13.1)%	(29.5)%
Other	(2,514)	(2,482)	1.3%	(16.9)%
<b>Total Expenditures</b>	<b>(21,140)</b>	<b>(21,849)</b>	<b>(3.2)%</b>	<b>(6)%</b>
FGF Transfer	(1,722)	(2,056)	(16.2)%	8.9%
<b>Fiscal Balance</b>				
Pre-FGF Transfer	(3,921)	(1,291)	203.9%	(41.4)%
<b>Post-FGF Transfer</b>	<b>(5,643)</b>	<b>(3,346)</b>	<b>68.6%</b>	<b>(31.8)%</b>

## Belarus factory workers hold mass walkouts

MINSK: Crowds of workers walked off the job on Friday at several factories in Belarus's capital Minsk in support of the opposition calling for leader Alexander Lukashenko to step down. Hundreds of workers marched from the Minsk Automobile Plant (MAZ) and the Minsk Tractor Works (MTZ) after the opposition called for strikes against Lukashenko's disputed claim to have won re-election today.

Opposition candidate Svetlana Tikhanovskaya has claimed victory in the polls after raising up a nationwide protest movement. She left for Lithuania after allies said she came under official pressure.

The walkouts were highly unusual in a country where Lukashenko has retained a Soviet-style command economy and the tractor factory is seen as a national symbol. Workers downed tools to condemn presidential elections where Lukashenko claimed a landslide victory against a popular opposition candidate and police violently cracked down on protesters.

The Belarusian Prime Minister Roman Golovchenko, appointed in June, came to visit the tractor plant but the striking workers left before he arrived. On Friday afternoon they marched out of the factory into the city centre, shouting "Long live Belarus" and "Leave!" directed at Lukashenko.

One of the strikers, a middle-aged man with a tattoo on his arm denoting support for the opposition, said that he wanted "to bring back Tikhanovskaya, she is our president, we voted for her."

On the streets outside the factory, members of the public waved flowers and honked horns in support of the strikers. Tractor plant workers held banners responding to Lukashenko's disparaging comments on the protest movement.

"We're not sheep, we're not a herd, we're not little people" and "There's not 20 of us but 16,000," they said. Lukashenko earlier Friday dismissed the walkouts at the tractor and auto plants, saying that "20 people decided to express their opinion, ditched work and went off."

He also warned that foreign competitors would benefit from strikes and suggested that workers were being paid to protest. Belarus is regionally famous as a producer of tractors and they take part in a parade on its national independence day.

Workers at a major fertilizer plant, Grodno Azot, also protested in the city of Grodno, local media reported. Belarus last saw such large-scale workers' protests and strikes ahead of the breakup of the Soviet Union in 1991. Lukashenko has been in power since 1994. —AFP

## KIPCO announces net profit of KD 11m for first half of 2020

KUWAIT: KIPCO - the Kuwait Projects Company (Holding) - has announced a net profit of KD 11 million (\$35.7 million) for the first six months of 2020, a drop of 19 per cent compared to the KD 13.58 million (\$44 million) originally reported for the same period last year.

The company's 2019 financials were restated due to a change in the classification of OSN after an increase in ownership. The impact of the COVID-19 pandemic on the Group's core businesses was evident during the second quarter, due to the effect of

## Stc: High demand for Samsung Galaxy Note20, Note20 Ultra pre-orders

KUWAIT: Kuwait Telecommunications Company - stc, a world-class digital leader providing innovative services and platforms to customers, enabling the digital transformation in Kuwait, announced that the Company is witnessing a high surge in pre-order demand for the all-new Samsung Galaxy Note20 and Galaxy Note20 Ultra, which began August 5th, 2020. At the same time, stc is also providing exclusive offers on the Samsung Note20 and Note20 Ultra with complimentary pairs of Galaxy Buds+ and Buds Live, respectively.

The Galaxy Note20 and Galaxy Note20 Ultra's next-generation design and sophisticated appearance are perfectly complimented by the mystic color options. Together, these factors combine to provide consumers with a device perfect for their dynamic lifestyles. What's more, the screen, which is also the largest to date for a Galaxy Note model, is the driving force behind outstanding immersive experiences and unrivalled performance. The world-class S Pen offers ease, simplicity, and conviction on every occasion to elevate standards of working, while watching videos

## For China's landlords, rent-to-riches dreams fade

BEIJING: Not yet 30, Beijing office worker Li thought she was already on her way up China's private property ladder with two apartments bought and rented out. Then came the new coronavirus, jobless tenants leaving town and a rent falloff. She's one of millions of Chinese landlords who have bought apartments to let in a highway to the country's growing middle class, many now facing a first slump in rental income.

Analysts say there's little prospect of widespread mortgage defaults for now, and property prices continue to grow, albeit more slowly. But the rental woes underline China's economic fragility, with the landlord legions already cutting back on spending amid their gloom. Li, who declined to give her full name, said she had to almost halve the rent at one of her apartments between February and May to hang on to a tenant, while her own salary

the lockdown on operations. KIPCO reported a loss of KD 17.8 million (\$57.8 million) in the second quarter (the three months ended June 30, 2020), as a consequence of the situation that the local and international business communities are facing.

The company's consolidated assets stood at KD 10.3 billion (\$33.5 billion), which is equal to the reported balance at year-end 2019.

Stock markets around the world suffered from the negative impact of the pandemic, together with the sharp drop in oil prices due to lack of demand and high levels of uncertainty. With lockdown procedures and stay at home rules, the supply chain was hit hard by low consumption levels. COVID-19 heavily affected sectors like hospitality, real estate and banking. Other Group companies operating in the insurance, food and media sectors showed more resilience to the pandemic.

Faisal Al-Ayyar, KIPCO's Vice Chairman

(Executive), said:

"Nobody could have foreseen the circumstances we witnessed during the past six months. We continue to assess the impact of the COVID-19 pandemic on our different business sectors and how this will reflect on our operations for the remainder of the year and beyond. We expect our core companies to rebound once people get accustomed to the new circumstances. However, we remain cautious given market volatility, lack of clarity regarding regulatory directives, restrictions on travel and mobility and the fluctuating price of oil."



Faisal Al-Ayyar

and playing games has never been easier thanks to the design that fits perfectly into one's hand.

"The highly anticipated release of the Samsung Galaxy Note20 and Galaxy Note20 Ultra in the region is nearing closer and we are delighted that operators throughout Kuwait will again feature prominently in the build-up of our latest flagship devices," said Osman Alhora, Head of Mobile Division, Samsung Gulf Electronics. The Galaxy Note20 and Galaxy Note20 Ultra promise to represent another proactivity and productivity chapter concerning working remotely. Thanks to the new and improved capabilities of the Samsung Notes app, all who purchase either device can take advantage of both auto-save and syncing capabilities to ensure all workpieces are seamlessly saved on every occasion. A contributing factor behind this is the long-term partnership between Samsung and Microsoft, which has been fundamental in guaranteeing Windows PC is compatible with both of the latest releases.

In a statement issued by stc, the Company said that it is continuously in pursuit of innovative methods to elevate the customer experience and journey. The Company enjoys a rich selection of smartphone devices offered to customers through unique promotions, as well as internet routers and entertainment devices. Placing customer convenience at heart, the Company offers all its products and services through stc branches, its website (www.stc.com.kw) and mystc App.

At the same time, the stage is also set for gaming experiences to be significantly elevated to newfound heights. This will ensure immersive gaming supported through 5G, a next-generation AI game booster, Bluetooth audio response optimization, and 240 Hz



touch response in the Galaxy Note20 Ultra's case to offer outstanding visual and audio capabilities.

The long-lasting battery can last an entire day having been charged for 30 minutes, bringing an end to the days of running out a vital moments, whether in personal or professional life.

The Galaxy Note20 and Galaxy Note20 Ultra has also been engineered with a pro-grade multi-camera setup comprising Wide, Telephoto, and Ultra wide lenses, along with a high-resolution sensor for shots, to bring new meaning to creativity. As for the Galaxy Note20 Ultra, the device's 120 Hz display refresh rate is a critical factor behind elegant gaming encounters that provide ultimate satisfaction. Those who purchase the Galaxy Note20 and Galaxy Note20 Ultra can link with their PC, reply to messages received via their phones, and transfer and edit files involving multiple devices to reap the rewards of frictionless multitasking.

stc customers pre-ordering the Samsung Galaxy Note20 will get the Buds+, and those pre-ordering the

was slashed 25 percent as her employer made coronavirus cutbacks. "I must pay the rent of my room in Beijing, and monthly mortgages for the two apartments," she said.

Rents in 20 major cities fell 2.33 percent in July from the same month year earlier, according to property data provider Zhuge House Hunter - the fourth consecutive month of decline in a market that's been buoyant for years. The sector remains opaque with no national database setting out who owns which buildings and limited historical tracking data.

### Consumption deferred

Amid the strain wrought on China's services and manufacturing sectors by the spread of COVID-19 earlier this year, first to be laid off were migrant laborers, prime takers of small rental apartments. White-collar workers followed, while fresh college graduates from the provinces who would normally flood into cities have struggled to find jobs. All that has weighed on consumption by both tenants and deeper-pocketed landlords.

Even demand for short-term accommodation has waned, depriving landlords of one alternative. In June, the number of Chinese properties

that had at least one booked night fell 29 percent from a year earlier, according to data from analytics firm AirDNA, which tracks bookings on Airbnb and Vrbo.

"Two groups ... suffer the most," said Yuan Chengjian, vice president of Zhuge House Hunter. "One is long-term rental firms ... the other is investors who buy properties through high leverage financing, because they pay off part of their mortgages with rent."

Luo Shuzhen, 50, with 80 rooms to sublet in two buildings in the southern industrial city of Dongguan, said tenant numbers have dropped 30 percent this year. She's now postponing plans to furnish an apartment she bought last year.

"It's hard to say how long the epidemic would last, so I'm not sure whether I can maintain the rental business in the second half," said Luo, who runs a convenience store.

Like Luo, other landlords that Reuters spoke to were looking at reducing spending. China's retail sales fell for the seventh month in July, official data on Friday showed. But mortgage defaults remain rare for now: China's overall non-performing loan ratio stood at just 2.1 percent on average as of end-June. —Reuters