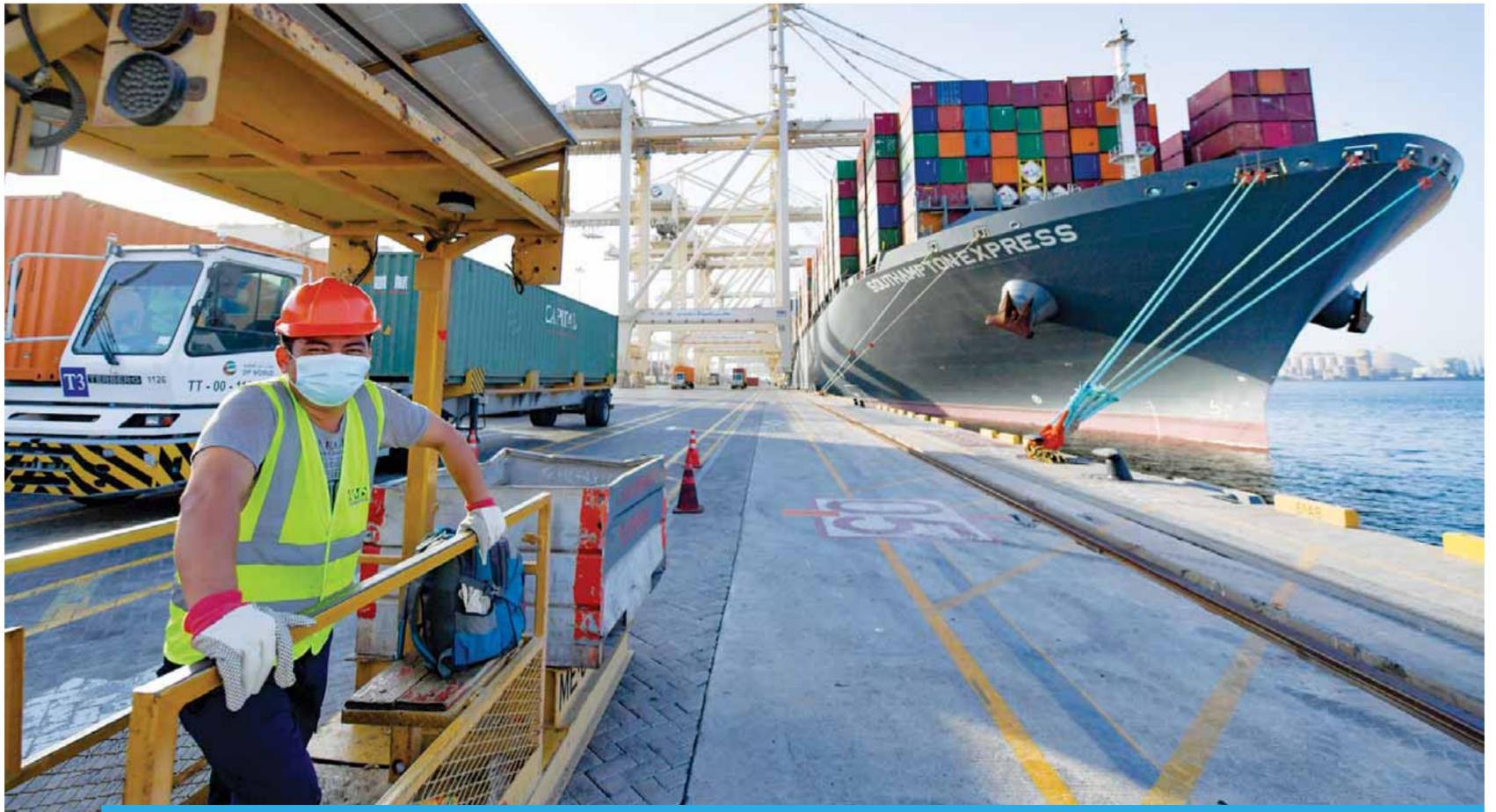


## Business

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DUBAI: An employee wearing a face mask is pictured at the port of Jebel Ali, operated by the Dubai-based giant ports operator DP World, in the southern outskirts of the Gulf emirate of Dub. —AFP

## Dubai ports giant 'prepares for the worst'

## Coronavirus inflicts heaviest blow on global trade since World War II

**DUBAI:** The giant Dubai-based ports operator DP World is "preparing for the worst" in the months ahead, as coronavirus inflicts the heaviest blow on global trade since World War II.

However, the firm which runs port and logistics operations in 54 countries is still hungry for revenue-generating acquisitions, its chairman Sultan Ahmed bin Sulayem told AFP in an interview. Already one of the most profitable government-linked entities in Dubai, DP World has spent billions of dollars on assets ranging from P&O Ferries in Britain to terminals in Chile.

But the coronavirus crisis has stifled world trade, 80 percent of which is transported by sea, leaving major supply chains paralyzed and scaling down imports and exports, including from powerhouse China. Bin Sulayem said the pandemic has taken a "big toll" on trade, eclipsing the aftermath of the 2007-2008 global financial crisis and drawing similarities with the post-World War II devastation.

In those dark times, the global economy collapsed with the destruction of industries and transport infrastructure and as people fled cities, he said. "Today, factories are intact, but nobody can work. The streets are clear and safe, and nobody goes out. Shops are full with all kinds of cargo but nobody buys."

Predictions of a U or V-shaped recovery, with a slump followed by a pick-up, were too optimistic, Bin Sulayem said. Instead, he warned that the world faced an L-shaped scenario—a drop followed by a slump—unless stimulus measures were adopted.

**'We will go for it'**

The World Trade Organization said in April that glob-

al trade is expected to fall by between 13 and 32 percent in 2020, as the pandemic ravages normal economic activity. Bin Sulayem said trade handled by DP World through its 82 ports, terminals and logistics centers worldwide dropped by only 4.0 percent in the first quarter. "But this could be misleading," he said, noting that the traffic reflected orders placed before the crisis.

"From now on until the next four months, that's the key issue... what's going to happen—we need to watch but we are preparing for the worst," he said.



**DP World still hungry for acquisitions**

Despite the gloomy outlook, the chairman and CEO said DP World has not sought financial help from Dubai's government and that it would raise debt from the market to fund expansion if needed. The firm and its subsidiaries are a major source of cash for the emirate's economy, one of the most diversified in the oil-rich Gulf.

In recent years, DP World has made a series of acquisitions as part of its strategy to become the world's leading end-to-end logistics provider, with a network includ-

ing economic zones, industrial parks and inland transportation.

"Even during this crisis, if I find something that is bankable and we believe it is an investment that will enhance our revenue and make profit," the company will act, Bin Sulayem said. "We look at investments that are ready to generate revenue... We are a company that has become a source of revenue for the government," he said. "At the end of the day, we have to make money immediately."

#### Crucial to Dubai

DP World has not announced any layoffs over the crisis and Bin Sulayem ruled out cutting salaries—unlike other major companies in the Gulf, including Emirates airline, which has announced job cuts and months of salary reductions. In February, DP World said it would return to full state ownership and delist from the Nasdaq Dubai stock exchange, saying that market demands for short-term return were not compatible with its longer-term strategy.

The company, which operates a global network of 123 business units run by a 56,500-strong workforce, posted a 4.6 percent rise in net profit last year to \$1.33 billion. DP World in 2019 handled 71.2 million TEU (twenty-foot equivalent units), putting it among the top five operators in the world. Its home port of Jebel Ali handled 14.1 million TEU, a 5.6 percent decline, but still leaving it among the top 10 globally. Bin Sulayem said none of the 8,000 companies based at the Jebel Ali Free Zone (JAFZA), a subsidiary which contributed a whopping 23 percent of Dubai's gross domestic product last year, had left because of the crisis. —AFP



The rial lost about 70 percent of its value over several months to fall to 190,000 in September 2018 amid heavy demand for US dollars among Iranians who feared Washington's withdrawal from the nuclear deal and sanctions could shrink vital oil exports and severely impact the economy. —Reuters

## Iran's rial drops to record low

**DUBAI:** The Iranian rial fell to its lowest ever rate against the US dollar on the unofficial market on Saturday, a day after Tehran's rebuke by the UN nuclear watchdog increased the pressure from US sanctions and the coronavirus outbreak.

The dollar was offered for as much as 193,300 rials, up from 188,200 rials on Friday, according to foreign exchange site Bonbast.com, which tracks the unofficial market. The economic daily Donya-e-Eqtessad gave the dollar rate as 190,800.

The International Atomic Energy Agency's 35-nation Board of Governors called on Iran on Friday to stop denying it access to two suspected former nuclear sites, raising diplomatic pressure on Tehran.

President Donald Trump withdrew the US from a multilateral deal aimed at curbing Iran's nuclear program in May 2018 and reimposed sanctions that have battered the economy. A drop in oil prices and a slump in the global economy have deepened the economic crisis in the country, one of worst-hit by the coronavirus pandemic in the Middle East.

Central Bank chief Abdolnaser Hemmati said the psychological impact of the IAEA resolution on the rial was exaggerated and that Iran's economy could cope with the added pressure. "The circumstances created by corona, the temporary pressure on the foreign exchange market ...and the psychological atmosphere caused by the resolution of the IAEA Board of Governors should not give the wrong signal," Hemmati said in an Instagram posting.

"Despite the limited oil revenues, the country's foreign exchange balance is good and the central bank will continue to provide the needed currency... despite continued US pressure," he added.

## UK to ease social Distance rule to help businesses

**LONDON:** British Finance Minister Rishi Sunak signalled that the government is poised to relax its two-meter social distancing rule for England which businesses have said in its current form would slow their recovery from the coronavirus lockdown.

A review of the two-meter rule would be concluded next week, Sunak told BBC television on Saturday, adding: "Obviously that is something that will make an enormous difference, I think, to many businesses who are keen to see a change." "Obviously, we need to go through that review but I am very understanding of the calls for action on that."

Many employers, especially in the hospitality and leisure sectors, have said the rule that people must remain two meters apart will stop them from getting back up to speed as the coronavirus lockdown is lifted. Sunak said he understood how the rule was affecting the ability of pubs, restaurants and other hospitality firms to reopen.

"I can't pre-empt the findings of that review but suffice to say we have made really good progress over the past few months in tackling this virus and we all want to see our pubs and our restaurants spring back to life," he said. Prime Minister Boris Johnson, who announced the review a week ago, has said he will do everything he can to get the country back to normal as soon as possible without risking lives.

The review applies to England as Britain's devolved nations - Scotland, Wales and Northern Ireland - have their own powers over health rules. Johnson has come under heavy criticism for his handling of the pandemic. Britain has the third highest number of coronavirus deaths after the United States and Brazil.

Johnson, who says the government has followed scientific advice in its approach, has to balance the need to revive the economy after its 20 percent collapse in April without allowing a resurgence in cases. Britain's retail sector has already been allowed to re-open. —Reuters