Oman's new ruler aims to reduce country's debt

- Oman's debt to GDP ratio spiked to nearly 60 per cent last year
- Could reach 70pc by 2022

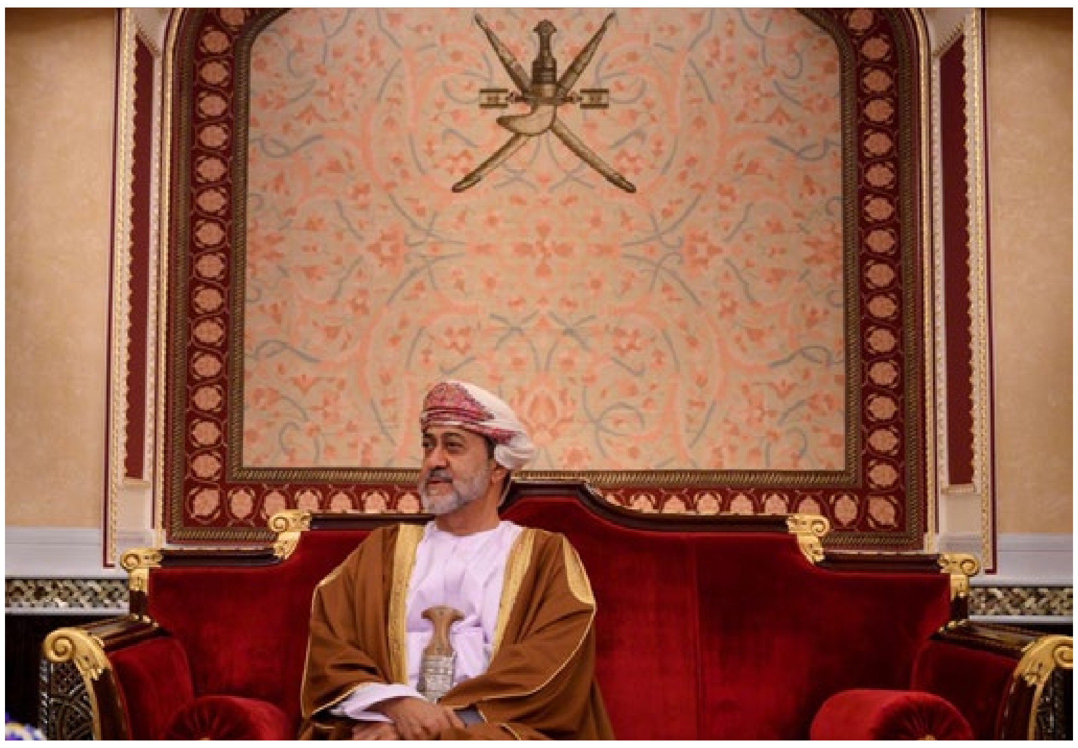
Reuters | Dubai

Oman's Sultan Haitham bin Tariq al-Said said yesterday the government would work to reduce public debt and restructure public institutions and companies to bolster the economy.

Haitham, in his second public speech since assuming power in January, said the government would create a national framework to tackle unemployment while addressing strained public finances.

"We will direct our financial resources in the best way that will guarantee reducing debt and increasing revenues," he said in the televised speech.

"We will also direct all government departments to adopt efficient governance that leads to a balanced, diversified and sustainable economy."



Oman's Sultan Haitham bin Tariq at al-Alam palace in Muscat, Oman

Rated junk by all three major credit rating agencies, Oman's debt to GDP ratio spiked to nearly 60 per cent last year from around 15pc in 2015, and could reach 70pc by 2022, according to S&P Global Ratings.

The oil producing country has relied heavily on debt to offset a widening deficit caused by lower crude prices. Also, the late Sultan Qaboos, who ruled Oman for nearly 50 years, held back on austerity measures that could cause unrest.

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The country has delayed introducing a 5pc value added tax from 2019 to 2021, and economic diversification has been slow, with oil and gas accounting for over 70pc of government revenues.

Last week, rating agency Fitch said Oman was budgeting for a higher deficit of 8.7pc for 2020 despite its expectation of further asset-sale proceeds and some spending cuts.

"We are willing to take the necessary measures to restructure the state's administrative system and its legislation," Haitham said in his first speech since the mourning period for Qaboos ended, without elaborating.

He said there would be a full review of government companies to improve their business performance and competence.

Oman observers have said that if Haitham moves to decentralise power it would signal willingness to improve decision making. Like Qaboos, he holds the positions of finance minister and central bank chairman as well as premier, defence and foreign minister.

UAE economy grew at 2.9pc in 2019, says central bank

Reuters | Dubai

The United Arab Emirates' economy grew at 2.9pc year-on-year in 2019, up from 1.7pc in 2018, a UAE central bank report said.

The country's hydrocarbon sector grew at 7.6pc in 2019, while the non-hydrocarbon sector expanded by 1.1pc, the bank report said.

The central bank said the UAE economy grew 1.3pc in the fourth quarter from a year earlier, slowing from a pace of 2.9pc in the third quarter.

The International Monetary Fund expects the UAE economy to expand at 2.5pc in 2020 as oil producers will be hit by output cuts following the decision by OPEC and non-OPEC producers in December to extend supply cuts.

General view of the ADNOC headquarters (L) and Emirates Towers (R) are seen in Abu Dhabi, United Arab Emirates

The UAE central bank report also said property prices in Dubai fell by 7.0pc in the fourth quarter from a year earlier, compared with an 8.2pc drop in the previous quarter.

"The Dubai market continues to exhibit decline in rent due mainly to excess supply," it said.

Property group Knight Frank said in a report earlier this month that a total of 62,500 residential units are scheduled to be completed this year in Dubai, the biggest number of new units since 2008.

For Abu Dhabi, the central bank said residential property prices fell 7.5pc in the fourth quarter from a year earlier, moderating from a drop of 8.2pc in the third quarter.

No global digital tax by end-2020 would mean digital tax chaos - France

Reuters | Riyadh

Failure to reach a global deal on where and how much to tax digital giants like Google, Amazon or Facebook would result in many digital tax regimes emerging all over the world, France's Finance Minister said yesterday.

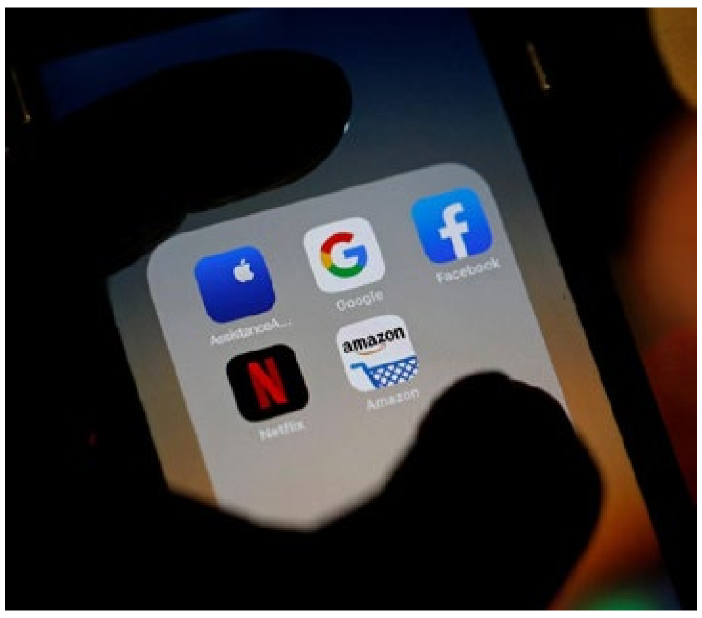
Speaking to Reuters on the sidelines of a meeting of world financial leaders, Bruno Le Maire said the gathering had been very useful in establishing consensus on such global tax rules.

Finance ministers and central bank governors from the world's 20 biggest economies, the G20, met in Riyadh for talks on global economic issues, with digital taxation topping their two-day agenda.

"For the first tine there is wide consensus among the G20 members on the necessity of having a new international taxation system," Le Maire said.

"We have to address the issue of digital companies making profits in many countries without any physical presence, which means without paying the due level of taxes," he said.

"And we also have to address the key question of minimum taxation and the risk of having a race to the bottom on taxation," he said.



The logos of mobile apps, Google, Amazon, Facebook, Apple and Netflix, are displayed on a screen in this illustration picture

France has already adopted its own digital tax, but suspended it until the end of the year to give the G20 time to work out a global deal to which all countries would subscribe.

The Organisation for Economic Cooperation and Development, the G20's think tank, wants to agree on technical details of such a tax by July and a full agreement among the G20 is expected by the end of the year.

"There is a consensus to build a solution by the end of 2020," Le Maire said, noting the alternative — no agreement — would create a proliferation of different tax systems making life more difficult for companies.

"Lets be clear — either we have at the end of 2020 an international solution... clearly in the interest of all countries and digital companies, or there is no solution and ... then it will be up the national taxes to enter into force," Le Maire said.

"Instead of having one single, simple solution, we would have many different digital taxes, all over the world," he said.

The United States, home to most of the digital giants, has been wary of committing to a solution on taxing them before U.S. presidential elections later this year, and has threatened to slap tariffs on French goods if Paris did not suspend the implementation of the tax.

Banks weigh on Saudi, Dubai

Traders on the floor of Saudi Stock market (Courtesy of Amazons)

- All Saudi banks decline
- Aramco closes up at 34.05 riyals
- Emirates NBD weighs on Dubai
- Mesaieed Petrochemical slips on profit decline

Reuters

Most major Gulf stock markets fell yesterday, with Saudi Arabia hurt by losses in banking shares that outweighed gains in Saudi Aramco and Emirates NBD dragging the Dubai index lower.

Saudi Arabia's benchmark index closed down 0.3 per cent as Saudi Telecom dropped 2pc and the country's largest lender National Commercial Bank fell 1.3pc.

But the index was supported by Saudi Aramco, which rose 1.2pc in its straight fifth session of gains.

The oil group received regulatory approval to develop Saudi Arabia's Jafurah non-associated gas field, which would produce some 550,000 barrels per day of gas liquids and condensates.

Separately, it was reported on Friday through sources that Aramco is set to gain unconditional EU antitrust approval for its $69 billion buy of a 70pc stake in Saudi Basic Industries Corp (SABIC). SABIC was up 0.6pc.

The Dubai index was down 0.7pc, with its biggest lender Emirates NBD declining 2.3pc. Air Arabia lost 3.2pc.

The board of Emirates NBD approved a 0.40 per share dividend for 2019, similar to a year earlier, though its net profit last year surged 44pc to 14.5 bn dirhams ($3.95 bn).

The Qatari index closed down 0.4pc after three days of gains.

Qatar International Islamic Bank fell 2.2pc, while Mesaieed Petrochemical Holding shed 2.1pc after its full-year net profit declined more than a 14pc to 1.2 bn riyals ($329.6 million).

Ooredoo lost 1.3pc. The telecom firm said it had begun an investigation into allegations surrounding an expulsion order issued by Algerian authorities against Ooredoo Algeria's chief executive.

In Abu Dhabi, the index edged up 0.2pc as market heavyweight First Abu Dhabi Bank added 1pc.

In Egypt, the blue-chip index ticked down 0.2pc on the first day of trading after the central bank on Thursday kept key interest rates unchanged, holding its deposit rate at 13.25pc and its lending rate at 12.25pc.

Tobacco firm Eastern Company lost 1.3pc and Elswedy Electric was down 1.9pc.

Closing Bell

SAUDI	▼ 0.3pc to 7,983 pts
ABU DHABI	▲ 0.2pc to 5,042 pts
DUBAI	▼ 0.7pc to 2,718 pts
QATAR	▼ 0.4pc to 9,898 pts
EGYPT	▼ 0.2pc to 13,688 pts
BAHRAIN	■ at 1,669 pts
OMAN	▲ 0.1pc to 4,197 pts
KUWAIT	▼ 0.3pc to 6,849 pts