Tunisia: The Budget Deficit is About $5 Billion

Tunisian Minister of Economy and Finance Ali Al-Kali confirmed that "the state budget deficit will be in the range of 13.729 billion Tunisian dinars (about 4.9 billion dollars) by the end of the current year, which represents 13.4 percent of the gross domestic product, against expectations of a deficit in the range of 3 percent, which was drawn up in the Finance Act for the current year."

Al-Kali revealed the decline in state revenues, by about 6 billion dinars, pointing out that "the state structures were only able to provide collection resources that do not exceed 30 billion dinars, while initial expectations indicated that a collection of about 36 billion dinars was achieved, which requires research about filling this gap through a supplementary financial law."

The supplementary finance bill included a set of data that confirm the difficult economic situation in Tunisia, including the fact that the state of economic downturn and the decline of foreign and domestic investments have led to a decline in the state's resources in exchange for an increase in expenditures within the framework of exceptional measures with a social, financial and fiscal dimension. The Tunisian Minister of Economy and Finance stressed that "the state will work during this stage to increase the size of the current year's budget by 9.5 percent, through what is included in the supplementary finance law. It is expected that 58 percent of the budget will be saved by adopting budget resources in the amount of 29.971 billion Dinars, while the rest of the estimated amount of 21.728 billion dinars will be saved by adopting treasury resources. Whereas the external and internal borrowing resources represent the largest part of the total amount."

Source (Al-Sharq Al-Awsat Newspaper, Edited)
Moody's: Kuwait Needs to Liberalize the Future Generations Fund Assets & Investment Income

Moody’s, the credit rating agency, revealed that in the absence of high oil prices and the absence of major measures in the fiscal adjustment process, it is expected that Kuwait will need to liberate the assets of the Future Generations Fund or investment income, in order to support the budget and to find a solution to the financing problem the country is currently facing.

The agency indicated that Kuwait faces a number of options in the event that the public debt law is not passed, indicating that the first option is to request the General Investment Authority to allow borrowing from the Future Generations Fund and transfer those loans to the General Reserve Fund, which is a fund that can be used without issuing any former decree to use it. The agency indicated that if the public debt law is passed, this will only be a short-term reform, and it will not be able to remove the uncertainty surrounding Kuwait’s financial situation in the medium term, but that would alleviate the current shortage of government liquidity for a period of time.

"Moody’s" downgraded Kuwait by two degrees from Aa2 to A1, with the change of the outlook from negative to stable. The agency indicated that this decision reflects an increase in government liquidity risks, and a weaker assessment of institutional strength and governance standards, revealing the escalation of liquidity risks, despite the exceptional financial strength of Kuwait, driven by a set of factors linked to the continued absence of a new public debt law, the government not allowing withdrawals from the Future Generations Reserve Fund while the liquid resources available in the General Reserve Fund are nearing to be depleted.

Source (Al-Rai Newspaper-Kuwait, Edited)

The International Air Transport Association (IATA) has lowered its forecast on aviation traffic in the Middle East region for the current year 2020, which reflects a slower recovery than previously expected.

The Association expected that the rates of air passenger traffic will decrease throughout 2020, to, from and within the Middle East region, to reach 30 percent of the levels recorded in 2019, and down from the 45 percent expected in July.

It also stated that it is likely that the number of travelers in the region will reach 45 million in 2020, compared to 155 million in 2019. Indicating that the demand will increase in 2021, according to expectations, to 45 percent of the levels recorded in 2019, to reach 90 million to, from and within the Middle East, noting that the region will not return to the levels it recorded last year until the end of 2024.

According to IATA, the region witnessed a slight improvement compared to the lowest levels recorded during the month of April, after some countries opened their borders again, indicating that according to the record of future air travel reservations, the rates of improvement will be much slower than those previously expected, as previous expectations were indicated to a decrease in passenger rates to 45 percent compared to 2019, but the continued spread of the virus in some major markets, and the continued imposition of travel restrictions and quarantine measures, indicate that the region will record only a third of the level of air traffic than it was in the previous year.

Source (Al-Rai Newspaper-Kuwait, Edited)