Fitch Amends its Outlook of Tunisia from Stable to Negative

Fitch Ratings Agency amended its view of Tunisia from stable to negative, while maintaining its credit rating at "B", i.e. at the level of risk.

According to the agency, the negative expectations reflect the exacerbation of financial liquidity risks and the sharp deterioration in public finances and the macroeconomic environment, resulting from the shock of the Coronavirus pandemic. Fitch expects the central government's deficit to widen to 10.5 percent of GDP in 2020, from 3.3 percent in 2019, in line with the goal of the supplementary budget project.

Fitch revealed that the unannounced accumulation of government arrears indicates the existence of a large share of off-budget spending by state-owned companies, highlighting the deterioration of public financial management and possibly the lack of financial liquidity. Arrears amount to 8 billion Tunisian dinars ($2.85 billion), accounting for 7.2 percent of GDP for 2020.

The agency expects that Tunisia will cover its financing needs during the period 2020-2022 through support for official creditors, local market issues and central bank financing.

According to the agency, the recovery of the country's foreign reserves to $8.4 billion at the end of October, from $5.4 billion in mid-2019, supports the government's external debt service ability.

Source (Al-Araby Al-Jadeed Newspaper, Edited)
The UAE Allows Foreign Investors to Own Companies

The United Arab Emirates allowed foreign investors to fully establish and own companies without the need for a specific nationality.

The President of the UAE, Sheikh Khalifa bin Zayed Al Nahyan, issued a decree to amend the Companies’ Law, allowing foreign entrepreneurs and investors to fully establish and own companies without the need for a specific nationality.

The amendments included abolishing the requirement that a foreign company wishing to open a branch within the state must have an agent from among the country’s citizens.

It also included the reorganization of some provisions and rules for limited liability and shareholding companies, and the cancellation of Federal Decree-Law No. 19 of 2018 in the matter of foreign direct investment.

The Decree-Law grants the competent local authority powers that include determining a certain percentage of citizens’ participation in the capital or boards of directors of all companies that are established within their jurisdiction, approving applications for establishing companies other than joint-stock companies and determining fees in accordance with the controls approved by the Council of Ministers. The amendments exempt foreign investors from the minimum percentage of ownership of UAE citizens, however, the law will not apply to some companies excluded based on cabinet decisions and those wholly owned by federal or local governments or their subsidiaries.

Source (Al-Rai Newspaper-Kuwait, Edited)
The Assets of Gulf Banks Grew by 9.9 percent

A research report issued by the Kuwaiti company "KAMCO" Invest revealed that the assets of Gulf banks during the third quarter of this year increased by 9.9 percent, reaching $2.53 trillion. While the assets of Gulf banks amounted to 2.47 trillion dollars by the end of the second quarter of 2020.

Islamic banks contributed to boosting asset growth during the third quarter, after their assets recorded a growth rate of 2.6 percent, compared to 2.1 percent for ordinary banks. According to the report, the net profit of the banking sector recorded 56.5 percent during the third quarter of this year on a quarterly basis, to $7.5 billion.

The total revenues of banks listed in the Gulf markets grew by 4.1 percent in the third quarter to $19.6 billion, compared to $18.8 billion in the second quarter of 2020. While the sector’s revenues declined by 5.8 percent on an annual basis during the third quarter of this year.

The Emirati banks recorded the only decline during the third quarter of the year, on a quarterly basis, by 1.1 percent, while Kuwaiti banks recorded the highest increase of 11.6 percent. Saudi and Qatari bank revenues increased by 6.4% and 5.8% respectively. The number of Gulf banks operating in the Gulf states is about 168, serving about 58 million people. The UAE has the largest number of banks with about 48 banks, then Saudi Arabia and Bahrain with 31 banks each, then Kuwait 22, Qatar and Oman with 18 banks each.

Source (Anadolu Agency, Edited)