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China vice-premier pledges more policy support, says economy started 2025 well

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Tesla to launch in Saudi Arabia as Musk and PIF mend relations

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Amidst challenging regional environment and interest rate rigidities, the listed companies' net earnings shot up 8.7% year-on-year in 2024 against a 3.03% decline in the previous year

QSE listed companies report QR51.18bn net profit in 2024

By Santhosh V Perumal
Business Reporter

The listed companies in the main market have reported a total net profit of QR51.18bn in 2024 as consumer goods and transport sectors witnessed faster earnings expansion, according to data compiled by the Qatar Stock Exchange.

Amidst challenging regional environment and interest rate rigidities, the listed companies' net earnings shot up 8.7% year-on-year in 2024 against a 3.03% decline in the previous year.

The 2024 net profitability improvement was seen despite declines in the earnings of real estate sector as well as slowdown in the net profit growth in the banking and telecom sectors. On an absolute basis, the banking sector remained the largest contributor at more than 59% in the review period.

The consumer goods and services sector, which has 13 listed entities, saw its total net profit surge 10.74% year-on-year to QR1.67bn at the end of 2024 against a 4.73% decline in 2023. The sector contributed 3.26% to the overall net profitability in the review period against 3.21% in 2022.

The transport sector, which has three listed constituents, saw total net profits grow 4.54% year-

on-year to QR2.93bn compared to 4.14% in 2023. The sector's net profit constituted 5.72% to the total net profit of the listed companies in 2024 against 5.95% the previous year.

The industrials sector, which has 10 listed constituents, saw a 1.8% year-on-year shrinkage in net profits to QR9.27bn in 2024 compared to a 35.94% contraction in 2023. The sector contributed 18.11% to the overall net earnings of the listed entities in 2024 against 20.05% in 2023.

Within the industrials sector, six of them, especially two underlying firms that have direct linkages with the hydrocarbons sectors, witnessed decline in net earnings owing to the subdued demand.

The insurance sector, which has seven companies, registered net earnings of QR1.31bn in 2024 against net loss of QR0.36bn in 2023. The sector contributed 2.56% to the overall net profitability in 2024.

Economic expansion, population growth, and mandatory insurance schemes will increase demand in most Gulf countries this year. Overall satisfactory underwriting results and relatively high interest rates will support earnings, according to Standard & Poor's, a global credit rating agency.

The Qatar Central Bank's (QCB) Third Financial Sector Strategy

had said plans were afoot to expand the product offerings such as life and health and to launch climate insurance as well as tailored insurance services for priority sectors as logistics and manufacturing.

The banks and financial services sector, which has 13 listed entities, reported a 6% year-on-year jump in total net profit to QR30.31bn against a 7.64% expansion in 2023. The sector contributed 59.22% to the total net profits of the listed companies in January–December 2024 compared to 60.47% in 2023.

The telecom sector, which has two constituents, reported a 13.52% jump year-on-year in net profit to QR4.04bn in 2024 against 24.22% growth in 2023. The sector had contributed 7.89% to total net profit in 2024 compared to 7.56% the previous year.

The realty segment, which has four listed entities, saw total net earnings tank 3.61% year-on-year to QR1.7bn in 2024 against a 6.46% surge in 2023. The sector constituted 3.32% to the overall net profits in 2024 compared to 3.74% in 2023.

The venture market, which had two listed entities, registered a total profit of QR0.06mn in 2024, showing a 24.09% surge on an annualised basis. However, one of them has migrated to the main market this year.

Canada's net buying increased significantly to QR53.86mn

Trump drives trade war fears as auto tariffs pound allies

Reuters
Ottawa/Berlin/Tokyo

Governments from Ottawa to Paris threatened retaliation on Thursday after US President Donald Trump unveiled a 25% tariff on imported vehicles, expanding a global trade war, hammering stocks and testing already strained ties with allies. The new levies on cars and light trucks will take effect on April 3, the day after Trump plans to announce reciprocal tariffs aimed at the countries he blames for the bulk of the US trade deficit.

The new levies could add thousands of dollars to the cost of an average vehicle in the US, contradicting Trump's campaign promise to lower consumer prices. Ferrari announced price hikes of up to 10% for cars sold in the US, and other automakers also warned they might raise prices as well. Dealers raised fears of job losses.

The tariffs are a sucker punch for some of the United States' most important allies and would come atop other trade penalties Trump has already put in place. Mexico, Japan, South Korea, Canada and Germany are the biggest suppliers of automotive imports to the US that were worth \$474bn in 2024.

Canada Prime Minister Mark Carney called a cabinet meeting to weigh a response, with retaliatory counter-measures a possibility. "We will get through this crisis – and we will build a stronger, more resilient economy," he said on social media.

European Commission President Ursula von der Leyen described the move as "bad for businesses, worse for consumers."

Relations with Washington have plummeted over issues such as the war in Ukraine and the upending of a decades-old transatlantic alliance. With billions of euros wiped from German auto shares on Thursday, officials in Europe's biggest economy called for a tough response.

"The US has chosen a path at whose end lie only losers, since tariffs and isolation hurt prosperity for everyone," German Chancellor Olaf Scholz said.

In neighbouring France, which was hosting a Ukraine summit without the US on Thursday, Finance Minister Eric Lombard called Trump's plan "very bad news," and said the only solution was for the EU to raise its own tariffs. Britain, which has struggled to grow its economy, was scrambling to secure an exemption but also threatened to review subsidies given to Tesla, which is headed by top Trump adviser Elon Musk.

Canada froze rebate payments for the electric car maker on Tuesday. The company, which faces declining sales, increased competition and a political backlash, is less exposed to Trump's tariffs than its rivals, but Musk said on X that the impact is "still significant."

Tesla share rose 5.8%, as did US EV



US President Donald Trump.

Auto tariffs complicate Fed's deliberations on rates

President Donald Trump's permanent 25% tariff on imported autos has expanded the global trade war, feeding expectations for higher prices for cars and other products, but doing little to settle the debate about how policies of his two-month-old administration will affect the US economy, reports Reuters.

With more tariff announcements looming next week, Federal Reserve policymakers remain in a holding pattern on interest rates. With surveys showing signs of economic trepidation and a drop in confidence, central bankers are watching to see if this spills into "hard" data like the still-low unemployment rate. They are also watching whether household and business fears of surging prices rekindle inflation that had been cooling.

Fed officials remember that tariffs during Trump's first administration did trigger several rate cuts to cushion weakening output. Still, the high inflation of the early 2020s could set the economy up for a different trajectory this time. "Tariffs on one hand push up prices a little bit, so maybe that's inflationary (and means) a higher interest rate path, if prices are higher," Minneapolis Fed President Neel Kashkari said on a visit to Detroit Lakes, Minnesota this week.

"But then, they're also slowing economic activity, which would push down interest rates, all else being equal," he told the local chamber of commerce on Wednesday.

"I look at those two things and think, OK, just it's kind of a wash – (we should) just sit where we are for an extended period of time until we get clarity," Kashkari said.

the electric car maker on Tuesday. The company, which faces declining sales, increased competition and a political backlash, is less exposed to Trump's tariffs than its rivals, but Musk said on X that the impact is "still significant."

Tesla share rose 5.8%, as did US EV makers Rivian Automotive and Lucid Group, whose supply chains are likewise largely US based. General Motors fell 7.2% and Ford lost 2.6%. Shares of European, Japanese and South Korean automakers fell, as well.

"None of this leads to more jobs or better wages. It leads to sluggish sales, costlier credit, and potential layoffs – exactly what a fragile economy doesn't need," said Nigel Green, CEO of global financial advisory deVere Group.

Sources said the Trump administration also has paused contributions to the World Trade Organisation, further hobbling the global trade watchdog as it yanks support for international institutions it sees at

odds with its "America First" agenda. Even as politicians threatened retaliation, Europe's auto industry called for a transatlantic deal to avert a tariff spiral that could hammer an industry that accounts for 6% of the region's employment.

"There will be an obvious blowback on a sector that has already faced considerable headwinds from a painful transition to EVs alongside tighter regulations, in addition to slower replacement cycles from drivers and higher energy costs," said Lindsay James, an investment strategist at Quilter.

China's foreign ministry said the US approach violates World Trade Organisation rules, undermines the multilateral trade system and was "not conducive to solving its own problems." With shares falling, Japanese Prime Minister Shigeru Ishiba said Tokyo will put "all options on the table" and South Korea said it would put in place an emergency response by April.

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QSE remains under bullish spell for second day; M-cap adds QR2.41bn

By Santhosh V Perumal
Business Reporter

Ahead of Eid holidays beginning next week, the Qatar Stock Exchange yesterday remained under bullish spell for the second consecutive day with its key index gaining more than 47 points, mainly on buying interests at transport, telecom, industrials and banking counters.

The domestic institutions' increased net buying support lent support to the 20-stock Qatar Index, which rose 0.46% to 10,232.95 points, recovering from an intraday low of 10,127 points.

The Gulf institutions' weakened net profit booking had its influence in the main market, whose year-to-date losses

truncated further to 3.2%. The local retail investors' lower net selling also had its effect on the main bourse, whose capitalisation added QR2.41bn or 0.4% to QR600.7bn on the back of midcap segments. The foreign funds were however seen increasingly net sellers in the main market, which saw as many as 0.04mn exchange traded funds (sponsored by AlRayan Bank and Doha Bank) valued at QR0.14mn change hands across 20 deals. The foreign individuals' lower net buying was visible in the main bourse, whose trade turnover and volumes were on the decline.

The Islamic index was seen gaining slower than the other indices of the main market, which saw no trading of treasury bills.

As much as 59% of the listed constituents were in the red in the main bourse, which saw no trading of sovereign bonds. The Total Return Index gained 0.72%, the All Share Index by 0.58% and the All Islamic Index by 0.09% in the main market. The transport sector index soared 1.39%, telecom (0.91%), industrials (0.89%) and banks and financial services (0.62%); while insurance declined 1.51%, real estate (0.61%) and consumer goods and services (0.35%). Major gainers in the main market included Milaha, Industries Qatar, Ooredoo, Qatar Islamic Bank, QNB and Nakilat. In the junior bourse, Techno Q saw its shares appreciate in value. Nevertheless, Qatar General Insurance

and Reinsurance, Qatar Islamic Insurance, QLM, Qatari German Medical Devices, AlRayan Bank, Widam Food, Al Mahyar Holding, Qamco, Estithmar Holding, Barwa and Ezdan were among the losers in the main bourse. The domestic institutions' net buying increased significantly to QR53.86mn compared to QR34.89mn on March 26. The Gulf institutions' net profit booking declined substantially to QR8.41mn against QR21.76mn the previous day. The local individual investors' net selling weakened noticeably to QR8.8mn compared to QR12.86mn on Wednesday. The Arab retail investors' net profit booking shrank markedly to QR5.74mn against QR10.12mn on March 26. The Gulf individual investors' net selling eased marginally to QR0.06mn

compared to QR0.09mn the previous day. However, the foreign institutions were net sellers to the extent of QR32.73mn against net buyers of QR7.45mn on Wednesday. The foreign individual investors' net buying weakened perceptibly to QR1.9mn compared to QR2.5mn on March 26. The Arab institutions had no major net exposure for the sixth straight session. The main market witnessed a 14% slump in trade volumes to 116.31mn shares, 7% in value to QR363.28mn and 21% in deals to 14,885. In the junior bourse, trade volumes grew 89-fold to 0.89mn equities and value by more than 127-fold to QR2.54mn on almost quadrupled transactions to 15.



Lebanon names ex-HSBC banker Souaid as central bank governor

Bloomberg

Dubai

Lebanon selected Karim Souaid as central bank governor, picking a private-sector finance specialist to lead a long-delayed overhaul of the financial sector and kickstart an economic recovery. Seventeen ministers out of the 24-member cabinet voted to name Souaid, a break with the traditional way of naming candidates for such a high-ranking post. Lebanon's various political factions used to seek consensus on a nominee before placing an appointment on the cabinet's agenda. Speaking after the government session,

Prime Minister Nawaf Salam said he had his reservations about naming Souaid and urged the new governor to commit to the cabinet's mission statement to protect depositors' money and engage with the International Monetary Fund for a new loan programme. Souaid is a founder of Dubai-based private equity firm Growthgate Partners, and previously worked as a managing director of global investment banking at HSBC Holdings Plc in the Middle East. He's led privatisation mandates in Qatar, Oman, United Arab Emirates and Jordan, according to Growthgate's website. Souaid becomes only Lebanon's second central bank governor in more than three decades, after Riad Salameh held the

position for four terms from 1993 to 2023. Salameh was a constant throughout the country's many political and financial crises and maintained a US-dollar peg during his lengthy run. That all changed in 2019, when Lebanon's exchange rate unravelled and local lenders and the central bank were propelled to the forefront of the country's worst financial crisis. Inflation hit triple digits and people lost their life-savings as banks imposed de-facto capital controls on dollar withdrawals. Previous Lebanese governments have suggested banks need to cough up billions to repay their customers, while lenders insist that recovering deposits should be the sole responsibility of the

state. But before that can happen, the IMF has said Lebanon should carry out a bank-by-bank assessment to better understand the deficit in the financial sector and unlock a loan program. Lebanon defaulted on some \$30bn of international bonds in 2020 at the height of its financial meltdown, when inflows started dwindling and confidence in the country's ability to repay debt plummeted. Authorities will need to hold talks with bondholders over the defaulted debt. The central bank holds \$5bn of Eurobonds and Lebanese lenders hold another \$3bn, down from about \$15bn at the start of the crisis. Lebanon has seen an unlikely political

turnaround this year after a devastating war between Israel and Hezbollah, the Iran-backed group that's based in the country. The weakening of the organisation helped lawmakers overcome years of disagreements to appoint a president, prime minister and a new cabinet. The progress has spurred a 37% rally in the country's defaulted bonds since January 1, on top of a 114% surge in 2024, most of which occurred after a ceasefire between Israel and Hezbollah in November. A member of the New York State Bar Association, Souaid holds a law degree from Lebanon's St Joseph University and a Master's in Law from Harvard Law School.



Tesla's launch event in Riyadh, scheduled for April 10, will display its EVs and products powered by solar energy

Tesla is set to launch in Saudi Arabia as Musk and PIF mend relations

Reuters

Riyadh

Tesla will start sales in Saudi Arabia next month, the electric carmaker said on its website, signalling CEO Elon Musk and the kingdom have healed a rift that dates back to the billionaire's short-lived bid in 2018 to take the company private.

Tesla sells in other Middle Eastern countries, but not in Saudi Arabia, the Gulf region's largest market, where EVs only account for 1% of total car sales. The brand has had considerable success in neighbouring United Arab Emirates, where most ride-hailing apps offer electric vehicles.

The dispute started when Musk tweeted in 2018 he had "funding secured" to take Tesla private after a meeting with Saudi Arabia's sovereign wealth fund, the Public Investment Fund.

That tweet eventually led to a lawsuit from investors when a bid failed to mate-

rialise, during which tense text messages between Musk and PIF head Yasir al-Rumayyan were made public.

Tensions have eased since the autumn, when Musk took a high-profile role in US President Donald Trump's election campaign and then new administration.

Trump said this month he would likely make his first trip abroad to Saudi Arabia, after asking the kingdom in January to spend upwards of \$1tn in the US economy, over four years, including military purchases.

EVs from China's BYD and PIF-backed Lucid are already available in the Saudi market.

EV sales have been slow in Saudi Arabia, with a 2024 report from consultants PwC putting them at just 1% of all car sales.

Tesla's launch event in Riyadh, scheduled for April 10, will display its EVs and products powered by solar energy, the post said.

"Experience the future of autonomous driving with Cybercab, and meet Opti-

mus, our humanoid robot, as we showcase what's next in AI and robotics," it added.

On April 11, it will open pop-up stores in Riyadh, Jeddah, and Dammam, Tesla said in a later statement, adding it would announce further details of its plans for Saudi Arabia in the coming weeks, with investment planned for 2025 and beyond.

Invitations to the launch event asked guests to indicate which Tesla car model they were interested in.

A month after the feud with Musk went public, the PIF announced a \$1bn-plus investment in Lucid, becoming the majority investor in one of the EV startups looking to challenge Tesla.

PIF, which has assets under management of \$925bn, has also invested in a domestic EV brand that is yet to launch called Ceer.

The launch comes as Tesla has seen EV sales slump in Europe, blamed on Musk's support for far-right politicians, and the brand has been targeted by protesters in the United States over his spearheading of sweeping cuts to the federal government.

Goldman sees Turkiye raising main interest rate to calm markets

Bloomberg

Istanbul

Goldman Sachs Group Inc said Turkiye will probably raise its main interest rate by mid-April, following a week of political and market turmoil sparked by the detention of the mayor of Istanbul.

The central bank may increase its one-week repo rate by 350 basis points from 42.5%. Goldman analysts Clemens Grafe and Basak Edizgil said in a note to clients on Thursday. It's likely to make the move on or before April 17, when the next monetary policy meeting is scheduled, they said.

The Wall Street lender said ongoing protests and the upcoming Eid holidays are likely to lead to renewed demand for foreign exchange. It cited the risk of a "redollarisation of the domestic deposit base." They added that predicting the size of the central bank's hike is "difficult." Goldman's call is more hawkish than that of most other analysts so far.

JPMorgan Chase & Co and Morgan Stanley both said the central bank would probably pause an easing cycle at its next meeting, but would hold rates rather than raise them.

Turkish assets plunged last week after police detained Ekrem Imamoglu, the mayor of Istanbul and who was seen as a likely presidential candidate at the next election. There were mass demonstrations in cities such as Istanbul, Ankara and Izmir, while state banks sold billions of dollars to stem a rout in the lira.

The central bank's interventions in the last three days of the past week totalled almost \$27bn, according to Bloomberg Economics' calculations. The monetary authority also raised its overnight lending rate at an unscheduled meeting on Thursday.

"We think that the choice of the lending rate was driven by a combination of the bank expecting the selling pressure to abate quickly and by the need of further discussions before raising its main policy rate," the Goldman analysts said.

They added that President Recep Tayyip Erdogan's backing of his economic and financial officials this week was a signal he'd accept a rate increase. In the past, he has championed ultra-loose policy and said it's the best way to both boost growth and tame inflation, which stands at 39% in Turkiye.

Tunisia central bank cuts key rate by 50 bps to 7.5%

Reuters

Tunis

March 2020 responding to the start of the coronavirus pandemic.

The inflation rate fell to 5.7% in February from 6.6% in January and 6.2% in December, to reach its lowest level since 2021.

Inflation will average 6.2% this year, dropping from 7% in 2024, the government said.

The current account deficit declined to 0.9% of GDP in February 2025, compared to 0.1% in the same period last year, the bank said in a statement following its board meeting.

The central bank has kept rates on hold at 8% since January 2023, warning of the risks of inflationary pressures.

Said called last month for the law governing the central bank to be amended, raising concerns that the lender will lose its independence and that there could be direct government intervention in monetary policy.

Emaar, Aldar spur world-beating UAE sukuk rally in Trump era

Bloomberg

Dubai

The real estate booms of Dubai and Abu Dhabi have helped drive a world-beating rally in sukuk of the United Arab Emirates since the inauguration of US President Donald Trump.

The UAE's Islamic securities have given investors an average return of 2.5% since January 20, replacing the US as the top sukuk performer in the Bloomberg benchmark for the asset class. The sukuk of Emaar Properties PJSC and Aldar Properties PJSC are among the leading performers in that time.

The UAE has become a favourite destination for global money managers searching for investment opportunities that are untouched by Trump's tariff threats, geopolitical conflicts and economic slowdowns. Asset managers including Cheyne Capital and Ninety One Plc have made the country a key holding in their equity portfolios.

At the core of this appeal is the property markets of Dubai and Abu Dhabi where an expat-led growth is fuelling demand for residential, commercial and office spaces. House prices in the two cities posted a 17.5% and 12.3% increase in the past 12 months, ac-

cording to real estate data provider Realdin. High rental yields and developers backed by the government are giving investors confidence in the sector, even though the heady growth rates of the past years has moderated.

The global sukuk index is heading for its third monthly advance, making its second-best start to a year on record.

Emaar's sukuk maturing in 2029 is trading near the highest level since November 5, following the company's better-than-expected results last month and a credit-rating upgrade by S&P Global.

"Emaar is a prime beneficiary of the real estate boom in Dubai owing its incumbent status and No. 1 market share," said Fady Gendy, a fixed-income manager at Arqaam Capital. "The rally in the Emaar sukuk is underpinned by stellar results with record sales and robust liquidity."

The company, with nearly a third of Dubai's property sales, is a bellwether for the health of the real estate sector in Dubai. Last year, Emaar's development arm had record sales and profit as demand for homes built ahead of construction and paid for in cash instalments by buyers surged due to both strong demand from residents and foreign investors.

Emaar Development PJSC's property sales surged 75% from the previous year hitting 65.4bn dirhams (\$17.8bn) while its backlog climbed 59% in December from a year earlier reaching 91bn dirhams, assuring investors of revenue over the coming years.

Both Emaar and Aldar didn't respond to request for comments.

Aldar reported a 51% increase in 2024 earnings before interest, taxes, depreciation and amortisation, even as sales jumped 20%. The company said it now derives 78% of its sales from overseas and expat customers. That's an increase from less than 20% in the years before the UAE introduced its Golden Visa programme and is a sign that property demand is underpinned by end users rather than speculators, according to Cheyne Capital.

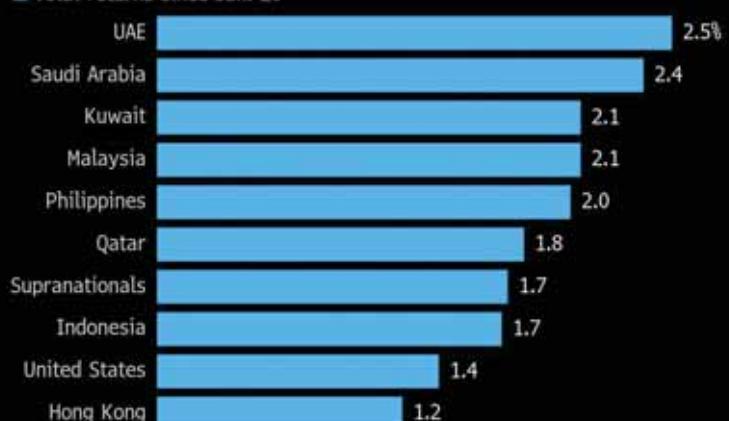
Earlier in March, Aldar sold a \$500mn 10-year green sukuk, receiving demand that was six times the amount offered. Meanwhile, Aldar's 2033 and 2034 securities have given returns of more than 3% since January 20.

"Aldar's success is due to its leading market position in Abu Dhabi and its strong ownership structure," Gendy said. "The company announced a strong set of results for 2024 and is guiding for a doubling in its EBITDA over the coming three years."

UAE Leads Sukuk Rally

Country emerges as investor favorite in Trump era

■ Total returns since Jan. 20



Source: Bloomberg

Note: Data for Bloomberg's Global Aggregate USD Sukuk Index

Bloomberg

From VW to GM, most carmakers stand to lose with Trump auto tariffs

Bloomberg
Washington

Donald Trump's planned tariffs on auto imports will hurt carmakers around the world and push up prices for US consumers. Among the many losers, one winner stands out: Elon Musk's Tesla Inc. The electric vehicle maker has large factories in California and Texas that churn out all the cars it sells in the US, insulating it to a greater degree from Trump's new levies on auto imports and key components. Major rivals from South Korea's Hyundai Motor Co to Germany's Volkswagen AG and America's own General Motors Co meanwhile will soon face sharply higher costs.

"There are very few winners," Sam Fiorani, vice-president of global vehicle forecasting for AutoForecast Solutions, said in a telephone interview. "Consumers will be losers because they will have reduced choice and higher prices."

Tesla is the "least exposed" to the new duties due to its domestic manufacturing operations, CFRA Research analyst Garrett Nelson wrote in an analysis this week. Tesla itself has been boasting this week about its US credentials, saying in a post on X that its models "are the most American-made cars." Still, Musk says that Tesla won't go entirely unscathed. In an X post on Wednesday, he described the tariffs as having a "significant" impact on the company. In a later X post to another user, Musk added that the tariffs will have a "not trivial" effect on the prices of the imported car parts Tesla uses.

Between 60% and 75% of the components Tesla uses are manufactured in the US, depending on the model, according to a 2024 filing by the US National Highway Traffic Safety Administration, with the majority of the remaining parts sourced from Mexico. But with the value of the imported parts unclear, the financial impact on Tesla is unknown.

Ford Motor Co could also face a less-severe impact than some rivals, with about 80% of the cars it sells in the US being built domestically.

The divide showed in the early reaction from investors. Ford and

Tesla both erased losses and were little changed in premarket trading Thursday. GM was down 6.9% and Stellantis NV fell 2% as of 8:51am in New York.

Starting next week, the new 25% tariffs will apply to all imported passenger vehicles and light trucks, as well as key parts like engines, transmissions and electrical components, on top of any duties already in effect. The levies will only apply to the non-US share of vehicles and parts imported under a free-trade agreement with Canada and Mexico.

That stands to soften the blow for vehicles whose supply lines zig-zag across the continent. Tariffs on parts from Canada and Mexico that comply with the trade deal also won't take effect until the US sets up a process to collect those levies. The US neighbours could use that window to try to stave off full implementation, even if it's a long shot.

The move is nonetheless a broadside against the continent's free-trade agreement that Trump renegotiated during his first term in office that has given rise to a closely integrated supply chain spanning North America. Canadian Prime Minister Mark Carney called the tariffs a "direct attack."

Foreign brands heavily reliant on imported vehicles will face the most pressure. South Korea's Hyundai risks being among the hardest hit. Although the carmaker and its affiliate Kia have plants in Alabama and Georgia — and announced a \$2bn US expansion plan this week — it imported more than a million vehicles to the US last year, accounting for more than half of its sales in the country, according to figures from Global Data.

Hyundai "remains committed to the long-term growth of the US automotive industry through localised production and innovation," the company said in a statement, noting it employs 570,000 people in the US.

Hyundai and Kia may have to pay as much as 10tn won (\$7bn) every year for tariffs to the US if the 25% tariffs are executed, according to Hyuk Jin Yoon, Seoul-based analyst at SK Securities Co. That accounts for nearly 40% of total operating profit that the two carmakers earned in 2024.

And despite having four assembly

plants spread across Kentucky, Indiana, Mississippi and Texas, plus engine plants in West Virginia and Alabama, Toyota Motor Corp, the world's biggest automaker, imports about half of what it sells in the US. A representative of Toyota said that the company's Mexico operations are 100% compliant with the USMCA free-trade agreement.

The tariffs could reduce Toyota's estimated operating profit for the 2026 fiscal year by 6%, according to Goldman Sachs Japan analysts including Kota Yuzawa. Embattled Nissan Motor Co is likely to be the hardest hit among major Japanese automakers, according to their note, with its estimated operating profit likely to be reduced by 56%. Subaru Corp is considering how to minimise the impact of the tariffs, a company spokesperson said on Thursday, without elaborating on specific measures it's looking at. Subaru could see its 2026 operating profit decline 23%, according to the Goldman Sachs note.

Detroit's carmakers weren't spared, either. GM imports some Chevrolet Silverado pickup trucks from plants in Mexico and Canada, the entry-level Chevy Trax compact SUV from South Korea and its family car, the Chevrolet Equinox crossover SUV. Last year GM sold more than 200,000 each of the Equinox and Trax, which are among its cheapest vehicles. The automaker also makes electric versions of the Equinox and Blazer in Mexico.

Stellantis makes the Jeep Compass and Wagoneer SUVs in Mexico. The company imports its Chrysler Pacifica minivans from Canada and compact Dodge Hornet and Fiat 500 from Italy.

And even though Ford is more US-reliant than its cross-town rivals, it faces pain of its own. The carmaker builds its entry-level Maverick small pickup in Mexico as well as the Bronco Sport compact SUV and Mustang Mach-E electric vehicle. Trump on Wednesday insisted that there's no conflict of interest despite the Tesla chief executive's prominent role in the administration.

"He's never asked me for a favour in business whatsoever," Trump said at an Oval Office event on Wednesday as he signed the proclamation putting the auto tariffs in place.

German, South Korean Carmakers Among Biggest US Importers

Imports as share of US vehicle sales by automaker

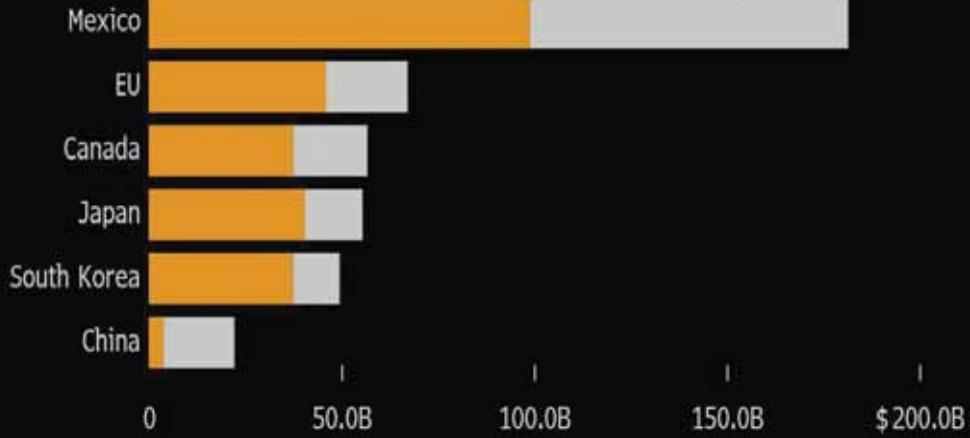


Source: Global Data

Bloomberg

US Auto Imports by Top Origin

Cars Car parts



Source: US Census Bureau

Note: Values are from 2024, including passenger cars, trucks and buses

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Bloomberg QuickTake Q&A

Trump is promising reciprocal tariffs: What are they?

By Brendan Murray and Katia Dmitrieva

Describing April 2 as "Liberation Day" when he'll unleash "the big one," President Donald Trump seems intent on reshaping the US's major trading partnerships with a toolbox of reciprocal tariffs. As the deadline approaches, it's still not clear how far he'll go in overturning the current rules-based system of global commerce. The uncertainty has shaken financial markets, prompted economists to cut their US growth forecasts and forced central bankers to factor in the potential inflationary impact of higher import costs. There are signs that Trump may not carry out all his threats — or at least not all at once. Under one scenario telegraphed by White House officials, he might instead launch investigations to seek a legal basis for some of the tariffs several months down the road, in addition to levies he'll impose immediately by emergency order.

What are reciprocal tariffs?

The term "reciprocal," when used in the context of trade, usually refers to measures taken by both parties to ensure fairness in bilateral commerce. For much of the past 90 years, that typically meant lowering trade barriers. In the US, the Reciprocal Trade Agreements Act of 1934 marked the end of an era of American protectionism and allowed the US and partner countries to negotiate lower tariffs on each others' goods. For Trump, the concept of "reciprocal trade" appeared in online campaign materials from 2013, when they were described as an "eye-for-an-eye" approach to fix trade imbalances by raising US tariffs.

Trump and his advisers argue that the practices of many American trading partners put their own exporters at a competitive advantage over US businesses, to the detriment of American manufacturing. Building a tariff wall around the US economy would incentivise foreign producers — or US companies operating abroad — to build facilities in the US and hire American workers, reversing a hollowing-out of the country's middle class, they say. The strategy has another, more

recently stated goal: generating revenue to help pay for tax cuts.

How would reciprocal tariffs work?

New import taxes are to be customised for each US trading partner, according to a copy of a memo distributed by the White House. The goal is to offset not just a trading partner's own tariffs on US goods but also other factors deemed to put American manufacturers at a disadvantage, such as subsidies to businesses that are seen as unfair, regulations such as rules protecting personal data, value-added taxes (VATs), managed exchange rates, and lax intellectual property protections. These so-called "non-tariff barriers" are hard to quantify, creating an enormous challenge for the Office of the US Trade Representative and the Commerce Department, which are tasked with proposing the new levies on a country-by-country basis. Commerce Secretary Howard Lutnick recently likened his task to preparing to renegotiate trade deals with dozens of countries, a process that can take years for just one bilateral agreement to be reached.

Reciprocal tariffs could be imposed in a number of ways: They could be applied to specific products, to entire industries or as an average tariff on goods arriving from a specific country. Treasury Secretary Scott Besent recently signalled it's likely to be the latter, saying there were about 15 countries under the microscope and that each "will receive a number that we believe that represents their tariffs." Theoretically, the US could lower tariffs in some cases, for purposes of reciprocity. Some countries could be given exemptions or tariff reductions, Trump said in the days before the tariffs were due to take effect, though he later added that he didn't want to grant "too many" exclusions.

How do reciprocal tariffs differ from Trump's original plan of universal tariffs?

During his election campaign, Trump threatened to impose a universal tariff of 20% on imports from all countries except China. Originally, he threatened tariffs

of 60% on imports from China but has since imposed levies of 20% on the country. A reciprocal policy would be more tailored to the specifics of each trading relationship. It implies that some countries — particularly those with few barriers for US companies — may be largely exempt.

Which countries stand to lose out?

If the US matches the specific levies placed by countries with the highest tariffs on US goods, emerging market nations would be hit hardest. India, Argentina and much of Africa and Southeast Asia would be most exposed, according to Bloomberg Economics, which compared tariff rates between the US and its trading partners. But much of the world could be affected, given that the Trump administration is looking at a more general definition of trade "fairness." The US has an overall trade deficit, meaning it imports more from other countries than they import from the US, and Trump sees this imbalance as fundamentally unfair. He has repeatedly lamented value-added taxes on US-made goods sold in other countries, particularly the European Union's minimum 15% VAT. Japan also has a VAT, known as a consumption tax.

According to a Federal Register filing by USTR, the Trump administration is "particularly interested in" trading partners with the largest trade surpluses with the US. The filing lists 21 economies that account for 88% of all US goods trade. They are: Argentina, Australia, Brazil, Canada, China, the EU, India, Indonesia, Japan, Korea, Malaysia, Mexico, Russia, Saudi Arabia, South Africa, Switzerland, Taiwan, Thailand, Turkey, the UK and Vietnam.

Are reciprocal tariffs fair?

It depends on whether your definition of "fair" is flexible enough to account for countries at various stages of economic development. Emerging markets tend to place higher tariffs on imports of certain goods to protect jobs and domestic industries — chief among them agriculture — until they reach some level of competitiveness globally.

De-dollarisation seen to speed up with US isolationist policies

Reuters
London

If the Federal Reserve, a bedrock of global financial stability, were to withhold dollar funding to allies during times of stress, the world could greatly reduce its reliance on the currency, creating "a double-edged sword" for the US, Deutsche Bank analysts said.

Reuters reported on Saturday that some European central banking and supervisory officials are questioning whether they can still rely on the US central bank to provide such funding as their trust in Washington has been shaken by the Trump administration's policies.

In times of market stress, the Fed has provided the European Central Bank and other major counterparts with access to dollar funding. The dollar is the dominant currency for economic trade and capital flows.

"The bar for withdrawing support at a time of systemic financial stress would seem exceptionally high," analysts George Saravelos and Oliver Harvey said in a note to clients on Thursday, assessing possible scenarios and citing the Reuters article.

Without the Fed backstops, in the short term, "the dollar liquidity scramble would drive dollar funding costs higher, leading to a sharp appreciation of the US dollar." But financial stress would spread to the US financial system as well, they added, and spillover effects could include "a fire sale of US assets."

While the Fed is independent, "the US administration can have an indirect influence both via moral suasion as well as the appointment of the Fed governing board," the analysts said. "The US could in theory use the availability of its swap lines in a selective manner, as a quid pro quo for other policy goals."

For Jane Foley, Rabobank's head of forex strategy, the questioning by some European central banking and supervisory officials of the Fed's dollar support shows the "sea-change" in ties between the US and European allies over the past few months and "the sphere of the disruptive influences of the US President."

"Trump's trade and foreign policies have forced Europe on a path towards reduced reliance on the US and this is likely to imply a desire for reduced reliance on the dollar," Foley said in a note. "Trump threatened countries that tried to de-dollarise with extra tariffs. Ironically, his isolationist policies may drive the trend."

Deutsche Bank analysts also said a withdrawal of the Fed's swap lines "has the capacity to create enormous financial instability at times of stress." "If such a withdrawal became a concern it would likely create pressure for the rest of the world to de-dollarise more rapidly," they added.

Airlines cast doubt on EU sustainable fuel targets

Major European airlines on Thursday urged the European Union to reconsider green targets for the sector unless production of renewable fuels picks up and costs can be brought down, reports AFP.

Under ambitious plans to tackle climate change, the EU will require airlines to gradually increase the amount of so-called sustainable aviation fuel (SAF) they use to power planes.

But airlines complain SAF is not widely available and too expensive, hampering competitiveness.

"We don't have enough SAF, and the SAF that we have is very expensive," Luis Gallego, CEO of the IAG airline group bringing together Iberia, British Airways and other carriers, told a press conference.

Gallego was speaking on behalf of Airlines for Europe (A4E), an industry group representing 17 airlines including Lufthansa and Air France-KLM, at an event it held in Brussels.

EU rules require carriers to include 2% of SAF in their fuel mix starting this year, rising to 6% in 2030 before soaring to 70% from 2050.

But a study published by A4E estimates SAF production would be 30% below levels necessary to achieve the goal in 2030, according to Gallego.

"It is now clear that SAF supply will not be sufficient to meet the 6% target by 2030," said Ryanair CEO Michael O'Leary.

"Unless action is taken now, the only realistic solution is to move the 2030 target," added Gallego.

But the European Commission said the targets were not up for review and the bloc would "stick to them."

China vice-premier pledges more policy support for economy

Reuters
Boao, China

Chinese Vice-Premier Ding Xuexiang on Thursday pledged stronger policy support for the world's No 2 economy, which he said had started 2025 well and was on track to hit this year's growth target, buoyed by advancements in AI and other technologies.

His keynote speech at a business and political summit in the island province of Hainan comes in a week where Beijing has mounted a charm offensive to woo fresh foreign investment for its sluggish economy and protect against simmering geopolitical tensions.

Chinese policymakers have put expanding domestic demand top of the agenda this year as they try to cushion the impact of US President Donald Trump's tariff salvos, but have struggled to assuage foreign investors' concerns over the durability of the post-pandemic recovery underway in the \$18tn economy.

"In the first two months of this year, the economy started off steadily, continuing the recovery momentum seen since the fourth quarter of last year, China's sixth-ranking official told delegates at the annual Boao Forum.

"This year's growth target of around 5% is determined through careful calculations and meticulous planning, and is supported by both growth potential and favourable conditions, along with strong policy measures," Ding said.

"More proactive and effective macroeconomic policies will be implemented to comprehensively expand domestic demand and stabilise foreign trade and investment," he added.

Foreign investors have soured on China in the years since the Covid pandemic, with business' longstanding concerns about geopolitics, tightening regulations and a more favourable playing field for state-owned companies weighing heavier.



Chinese Vice-Premier Ding Xuexiang speaks at the opening ceremony of the Boao Forum for Asia Annual Conference in Boao, Hainan province, China on Thursday.

Foreign direct investment into China dropped an annual 13.4% or \$13.5bn in January, according to the most recent data from China's commerce ministry.

"We will steadily expand institutional opening up, further ease market access for foreign investment... and sincerely welcome enterprises from all countries to invest and develop in China," Ding said.

Policymakers would also make "greater efforts" to "promote the healthy development of the real estate and stock markets," he added, which will be crucial to encouraging Chinese consumers to spend again, analysts say, given that 70% of household wealth is held in real estate.

Ding also talked up China's increasing competitiveness in new energy vehicles (NEV), where West-

ern accusations that Chinese firms benefit from unfair state subsidies have seen its producers hit with tariffs, as well as in artificial intelligence, bio-manufacturing and quantum technologies.

"China's economy is advancing towards new frontiers, accelerating high-level technological self-reliance and self-strengthening," Ding told delegates, which included Chinese smartphone and NEV maker Xiaomi's CEO Lei Jun.

But amid the talk of self-strengthening, Ding reiterated Chinese Premier Li Qiang's message at the China Development Forum in Beijing on Sunday that countries should open their markets and "resolutely oppose trade and investment protectionism," in a veiled reference to the Trump administration.

"When your startup pitch is so innovative, you don't even need a head to sell it!"



IMF assessing Trump's tariff plans, does not see US recession

Reuters
Washington

The International Monetary Fund is continuing to assess the impact of President Donald Trump's tariff plans, including his new 25% auto tariffs, but the global lender's baseline forecasts do not envision a US recession, IMF spokesperson Julie Kozack said on Thursday. Kozack, asked about Trump's tariff plans during a regular IMF press briefing, said the duties imposed on goods from Canada and Mexico, if sustained, would have a "significant adverse effect" on those countries' economic outlooks, but declined to provide specific details.

The IMF is continuing to assess the impacts of Trump's various tariff announcements on other regions, she said. Many of these assessments will be incorporated into the IMF's next World Economic Outlook forecasts, due to be released in late April, and Kozack said the report will clearly state which actions are included in the assessments of economic growth and inflation.

Some of Trump's tariffs could be delayed until later, including for auto parts duties that could take until May 3 to be activated. Kozack said the US economy had been continuing to outperform expectations at

the time of the IMF's January WEO update, remaining "remarkably strong" throughout a monetary tightening cycle that ended last year. Three days before Trump took office on January 20, the IMF raised its 2025 US growth forecast to 2.7% from the 2.2% envisioned in October, based on a strong labour market and accelerating investment.

"Since then, of course, there have been many developments," Kozack said. "Large policy shifts have been announced, and the incoming data is signalling a slowdown in economic activity from the very strong pace in 2024... recession is not part of our baseline" for the US.

Kozack did not address questions on the inflationary impact of Trump's tariffs, but said the IMF has seen greater-than-expected persistence in inflation, which will impact the WEO's growth and inflation projections.

"And what this means for central bank and policymakers is, of course, that agile and proactive monetary policy is going to be needed to ensure that inflation expectations remain well-anchored."

Regarding Russia's inflation outlook, Kozack said that despite January projections that Russian inflation would ease, it remains high and well above the Russian central bank's 4% target, reflecting a tight labour market and strong wage growth.