

# MAY 2019

Demonstrations take place against Sudan's interim military leadership;  
Saudi Arabia set to become largest regional wind power market;  
Algeria's President Bouteflika resigns following mass protests



*Sudanese demonstrators in Khartoum wave their national flag as they attend a protest rally calling for President Omar al-Bashir to step down*



## SUDAN

### Demonstrations against interim military leadership

Protesters in Sudan are demanding the military turn over power to a civilian government after the military overthrew president Omar al-Bashir in a coup. Demonstrations, including a sit-in outside the military headquarters in Khartoum, started on 11 April after Sudan's ruling military council took control of the country.

On 12 April, General Awad Ibn Auf, Sudan's defence minister, who became the de facto leader after Al-Bashir was ousted, stepped down just a day after taking control. Ibn Auf was replaced by Lieutenant General Abdel Fattah Abdelrahman Burhan, who has close ties to Saudi Arabia and other Gulf states.

## OIL PRICES

### Brent crude prices could weaken if Russia raises output

Global benchmark Brent crude prices soared to this year's high of nearly \$72 a barrel in early April after Russian Finance Minister Anton Siluanov said the country and its Opec allies might boost crude output to win market share from the US.

The Opec-plus alliance of global crude producers will meet in June to decide whether to continue withholding supply. This follows an agreement to cut output by 1.2 million barrels a day for the first six months of this year. On 8 April, Saudi Energy Minister Khalid al-Falih said oil markets are "healthy", eliminating the need for the kingdom to make further production cuts.

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**\$72**

Price of a barrel of Brent crude in early April 2019

**1.2 million b/d**

The output cut agreed by the Opec-plus alliance for the first six months of 2019

## SAUDI ARABIA

### Kingdom set to become largest regional wind power market

Saudi Arabia will become a regional heavyweight in the wind power sector by the early 2020s, says Wood Mackenzie Power & Renewables. According to the research and consultancy group, developers will build 6.2GW of wind capacity – 46 per cent of the planned increase in the region’s total wind capacity – between

2019 and 2028. “The integration of renewables in Vision 2030’s objectives underlines strong political commitment within Saudi Arabia,” said senior analyst for Wood Mackenzie Power & Renewables, Sohaib Malik.

“The level of Saudi ambition for wind and solar [power] varies significantly, despite the cost parity between both technologies during the first round of tenders in 2018.”

## OMAN

### Sultanate’s health insurance plan poised to spur growth

Oman’s Capital Market Authority plans to introduce mandatory basic health insurance cover for all nationals, expatriates and visitors. The measure will spur premium growth and generate additional cross-selling opportunities for healthcare insurers in Oman, although these

benefits may be partially offset by higher claims, Moody’s Investors Service has said.

The Omani government first announced its plans for compulsory health insurance in September 2017. The sultanate intends to roll out the new cover in stages before the end of 2019, starting with private sector employees.

## KUWAIT

### Fitch affirms Kuwait’s currency issuer rating at AA


Fitch Ratings has affirmed Kuwait’s long-term foreign currency issuer default rating at “AA”, with a stable outlook. Kuwait’s key credit strengths are its strong fiscal and external metrics and, at about \$60 a barrel, one of the lowest fiscal

breakeven Brent oil prices among Fitch-rated oil exporters.

These strengths are tempered by Kuwait’s heavily oil-dependent economy, geopolitical risk, weak indicators of governance and the business environment. A welfare state and the large economic role of the public sector present increasing challenges to public finances, given the robust growth of the Kuwaiti population.

Fitch said the foreign assets of the Kuwait Investment Authority reached \$561bn or 394 per cent of GDP in 2018, accounting for the bulk of Kuwait’s sovereign net foreign asset position of 479 per cent of GDP.



 Kuwait’s economy remains heavily dependent on oil

## ISLAMIC INSURANCE

### Demand for sharia-compliant takaful policies on the rise

Global demand for takaful, or Islamic insurance, is increasing moderately, supporting growth in premiums despite some regional headwinds caused by subdued economic conditions, Moody’s Investors Service has said. The takaful industry’s capitalisation is expected to remain at the current robust levels as growing demand prompts greater regulatory sophistication in the GCC, Southeast Asia and Africa.

Moody’s projects that the profitability of takaful insurers for full-year 2018 and 2019 will stabilise, following its fall in 2017 as a result of heavy price discounting in the GCC countries and rising claims in Southeast Asia.



 The GCC, Southeast Asia and Africa are key markets for takaful

# 9%

Compound annual growth rate for gross global takaful premiums in 2014-17

# 8-10%

Return on capital projected by Moody’s in Southeast Asia and the GCC countries

# 2-3 years

Period of growth predicted by Moody’s for takaful premiums

## ALGERIA

### President Bouteflika resigns following mass protests

On 2 April, Algerian President Abdelaziz Bouteflika gave in to mounting pressure to step down after six weeks of nationwide protests. The resignation of the ailing 82-year-old president, who has rarely been seen in public since suffering a stroke in 2013, followed a demand by Algeria's army chief of staff General Ahmed Gaid Salah for an immediate constitutional procedure to remove Bouteflika from office.

Thousands of Algerians have taken part in protests in the country since February, when Bouteflika announced that he intended to stand for a fifth term in the presidential election that was originally scheduled for 18 April and is now expected to take place on 4 July.

## YEMEN

### Warring sides agree to redeploy forces in Hodeidah port

The UN special envoy for Yemen, Martin Griffiths, said in April that Yemen's warring factions had finally agreed on terms for a withdrawal of troops from the Red Sea Port of Hodeidah. Implementation of a limited peace deal between Yemen's government and Houthi rebels, who have been fighting since 2015, has been delayed for months.

The agreement said troops would be withdrawn from Hodeidah in the first phase of a ceasefire agreed to in December, but there have been disagreements over who would take their place to secure the port. "Both parties have now accepted the detailed redeployment plan for phase one," Griffiths told the UN Security Council.

## EGYPT

### Egypt's parliament to vote on extending president's tenure

Constitutional amendments could be made to allow Egypt's president to stay in office until 2030 and give the military a significant political role. Promoted as a popular demand to reform the political system, the amendments were adopted on 14 April by the House of Representatives' legislative and constitutional committee.

A house vote, which was scheduled to take place by mid-April, was expected to approve the changes because supporters of the country's president, Abdul Fattah Al-Sisi, comprise the majority of its 596 members. Once adopted by the House of Representatives, a referendum will be held. This is expected to take place before the start of Ramadan in early May.



 *Factions in Yemen have agreed to withdraw troops from Hodeidah*

# 3,000

Number of alleged rebel breaches of the ceasefire in Hodeidah, according to a letter from the Arab Coalition sent to the UN Security Council in April

## FURTHER READING

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**Saudi Arabia has received bids from consultants** for the contract to provide programme management services for the development of tourism infrastructure around important historical and cultural sites such as the ancient city of Al-Ula, which is located 380 kilometres north of Medina.

**A deal valued at about \$1.25bn has been signed** between Aramco Overseas Company and Hyundai Oilbank, the refining subsidiary of South Korea's Hyundai Heavy Industries Holdings. The Saudi Aramco subsidiary will purchase a 17 per cent stake in Hyundai Oilbank. Under the agreement, Aramco will supply oil to the South Korean refiner.

**UAE-based Amea Power has reached financial close** for a planned, 50MW solar project in the Maan region in southern Jordan, 218 kilometres southwest of Amman. The project will have a total construction cost of \$74m, with commercial operations scheduled to start in the fourth quarter of 2020.

**Saudi Arabia and Egypt are said to be in discussions** with the preferred bidder for the concept design contract of a planned Red Sea crossing to link Egypt with the kingdom. UK-based Arup and US-based Aecom are understood to be among the firms that submitted bids for the contract in 2017.