IMF's Georgieva says virus crisis could ultimately test $1tr war chest

Reuters, *Washington*

International Monetary Fund Managing Director Kristalina Georgieva said on Friday that the global economic crisis spurred by the coronavirus could ultimately test the Fund's $1 trillion in total resources, "but we're not there yet."

Georgieva told a Reuters Newsmaker webcast event that it was now clear that an economic recovery would have to get underway without a medical breakthrough and the virus' presence still widespread throughout the world. IMF member countries were standing by to provide more support to the Fund if necessary, she said.

The IMF on Tuesday forecast a deeper global recession than initially anticipated, as business closures, travel restrictions and social distancing measures persist in most countries. It now anticipates a global GDP contraction of 4.9 per cent this year and a total output loss of $12 trillion through the end of 2021.

"We still have about three quarters of our lending capacity available," Georgieva said. "I wouldn't put it beyond us that we might be in a place where the IMF resources are being tested, but we're not there yet."

Regarding the possibility of additional resources, she said: "Our members are telling us, 'Everything is on the table. You come to us if you need to do more of something, we are there for you.'"

The IMF has been rapidly deploying some $100 billion in emergency financing and has now provided loans and grants to 72 countries in just over seven weeks, Georgieva said.

The Fund later on Friday approved a new, $5.2 billion 12-month loan program aimed at helping Egypt to cope with the coronavirus and plug budget and balance of payment gaps.

The IMF is providing technical assistance to Argentina in the country's debt negotiations with private creditors.

"What I learned as a crisis commissioner: pray for the best, prepare for the worst," she said of the talks.

The Fund stands ready to negotiate a new program to replace Argentina's $57 billion 2018 bailout, one that is good for growth, the private sector and poverty reduction, Georgieva added.

Kristalina Georgieva

Some US food suppliers forego China contracts over coronavirus curbs: trade group

Reuters, *Chicago*

Chinese demands that overseas suppliers guarantee their food shipments are free of the novel coronavirus are causing some shippers to forego the China trade, an industry group representing US produce growers said on Friday.

Western Growers, which represents companies that produce half of US fresh fruits, vegetables and tree nuts, confirmed that many of its members had received such requests from Chinese authorities.

"It's changing how some of our growers are reacting to the marketplace," said Dennis Nuxoll, the trade group's vice president of federal government affairs. "Some of them are not going to export."

Nuxoll declined to say which companies were backing away from shipments to China.

Western Growers complained this week to the US Department of Agriculture and US Trade Representative over the issue, and the government said it would take it up, Nuxoll said.

The USDA and USTR did not immediately respond to requests for comment.

In a statement on Wednesday, the USDA and US Food and Drug Administration said: "Efforts by some countries to restrict global food exports related to COVID-19 transmission are not consistent with the known science of transmission."

China, where the coronavirus pandemic originated, is trying to prevent any possibility of new infections coming from imported goods as it takes aggressive measures to contain a recent spike linked to a wholesale food market in Beijing.

Global meat exporters like JBS SA, along with some US produce suppliers, have agreed to sign declarations ensuring the safety of their shipments. Others that export produce and soybeans have scoffed.

Produce exporters are nervous that Chinese authorities could reject perishable goods, making the shipments a total loss, Nuxoll said.

"We are aware that the Trump Administration has objected to China's actions and request that the administration continue to pressure the Chinese government until it reverses this ill-timed and scientifically indefensible trade barrier," said Dave Puglia, Western Growers' president and chief executive.

India to end central control of gas prices, lift LNG transport use

Reuters, *New Delhi*

India will gradually end central controls on gas pricing as it seeks to attract foreign investment and technology to lift local output, oil minister Dharmendra Pradhan said on Friday.

India, which is a large emitter of greenhouse gases and has multiple gas pricing regimes, aims to raise the share of gas in its energy mix to 15 per cent by 2030, from 6.2 per cent.

"This is an incentive we are giving to investors to come to India and take advantage of pricing and marketing freedom and produce more and invest more," Pradhan said at the BNEF summit.

To boost gas usage, India is expanding infrastructure including building new liquefied natural gas (LNG) import plants and connecting households with an expanding gas pipe network.

New Delhi said recently that no authorisation was needed to set up LNG dispensing facilities for vehicles.

India's top gas importer Petronet LNG said on Friday it wants to partner with fuel and gas retailers on LNG stations along highways for long-haul trucks and buses.

Petronet wants to set up 5 LNG stations in the fiscal year ending March 2021, and 300 by 2023. It eventually aims to have 1,000 LNG stations across India, it said on its website.

Meanwhile, Indian Oil Corp, the country's top refiner and fuel retailer, said this week it wants to start LNG retailing through its fuel pumps.

GAIL (India) Ltd's executive director Rajeev Mathur said his firm is looking for partners to set up LNG dispensing facilities. Mathur said India's gas demand is expected to rise by 3 per cent-4 per cent between October 2020 and March 2021, after witnessing a huge fall in April-May due to a coronavirus lockdown.

Imported LNG accounted for about half of India's 60.8 billion cubic meters of gas consumption in the fiscal year to March 2019.

Vietnam PM warns of economic calamity at Asean summit

Afp, *Hanoi*

Vietnam warned Friday the virus pandemic had swept away years of economic gains as Southeast Asian leaders met online for a summit also dominated by anxiety over Beijing's moves in the flashpoint South China Sea.

The current chair of the Association of Southeast Asian Nations (Asean) also wants to use the summit to inject momentum into talks on a sprawling China-backed trade pact. The immediate focus for the 10-member bloc is the crippling cost of the coronavirus, which has ravaged the economies of tourism and export-reliant countries such as Thailand and Vietnam.

"It has swept away the successes of recent years... threatening the lives of millions of people," Vietnam's Prime Minister Nguyen Xuan Phuc said in a sobering opening address.

He emphasised the "serious consequences" of the pandemic for economic development among Asean's members.

Asean General Secretary Lim Jock Hoi confirmed the bleak outlook, warning the region's economy is expected to contract for the first time in 22 years.Thailand is bracing for particularly rough news -- its central bank now forecasts its economy to shrink by an unprecedented 8.1 percent.Vietnam, which has won praise for containing the virus early, is still set to see at least two percent chipped off its GDP in 2020.It hopes the summit will see progress on a trade agreement known as the Regional Comprehensive Economic Partnership, which is being pushed by China.A deal, which would loop in half the world's population and a third of its GDP, has been hampered by India's refusal to join over access to its market for cheap goods from China, the regional superpower it is now locked in a deadly border row with.

There is also increasing angst that the fallout from the virus has provided cover for new Chinese plays in the South China Sea, the resource-rich waterway Beijing claims most of but is also contested by Vietnam, the Philippines, Malaysia and Taiwan.

In a draft statement seen by AFP, Asean leaders noted concerns over "land reclamations, recent developments and serious incidents" in the South China Sea.

Vietnam's Prime Minister Nguyen Xuan Phuc

In recent years Beijing has stepped up its territorial claims in the South China Sea by building artificial islands.

In April it officially named 80 islands and other geographical features in the disputed waters.The same month Vietnam also accused Beijing of sinking a trawler, prompting the United States to warn it was "exploiting the distraction" of other states "to expand its unlawful claims".

China is always advancing its pieces on the "South China Sea chessboard", a senior Southeast Asian diplomat told AFP.

Beijing took advantage of the Asian financial crisis in the late 90s and the SARS outbreak to push its claims, he added.

"If there is a space, they move." Without directly mentioning China, Vietnam's Phuc admitted that "strategic problems between big countries had become clear and had deepened".

"While the world is trying its best to fight the pandemic, there were irresponsible acts, violating international laws, that affected the security and stability of some regions including ours," he said.

Vietnam expert Carl Thayer, an academic at the University of New South Wales, believes the past few months have been "business as usual" for China.But he noted that negotiations on a so-called Code of Conduct for the South China Sea had stalled because of the virus.

US stocks retreat on disturbing virus trends, banks lower

Afp, *New York*

Wall Street stocks fell early Friday as rising coronavirus cases continued to slow the US recovery and bank shares tumbled after the Federal Reserve barred banking share buybacks.

About 15 minutes into trading, the Dow Jones Industrial Average was down 1.1 per cent to 25,455.25.

The broad-based S&P 500 fell 0.7 per cent to 3,060.82, while the tech-rich Nasdaq Composite Index shed 0.8 per cent to 9,939.71.

The governors from Texas and Florida on Thursday both signaled that they would pause the reopening of their economies as the two giant states of the US sunbelt contend with spikes in coronavirus cases.

Stocks have been volatile this week as investors try to assess the implications of the current phase of the coronavirus crisis and whether it will be as devastating to the economy as the shutdowns earlier this year.

US indices fell sharply Wednesday, but recovered some of those losses Thursday on bargain hunting facilitated by loose monetary policy. Large banks such as JPMorgan Chase and Wells Fargo fell more than three percent as the Fed late Thursday ordered the industry to suspend buybacks and limit dividend payments in the wake of uncertainty over the coronavirus.

Dow member Nike dropped 3.3 per cent as it reported a surprise $790 million loss following a steep drop in revenues due to coronavirus closures.But Gap surged 30.4 percent as it announced a new venture with Kanye West that will sell West's Yeezy brand in the chain's stores.

Indonesia central bank ready to finance more fiscal deficit to fight pandemic impact

Reuters, *Jakarta*

Indonesia's central bank is ready to further finance the government's budget deficit and "share the burden" of fighting the coronavirus outbreak, the bank's chief told an online seminar on Saturday.

Bank Indonesia (BI) Governor Perry Warjiyo said he and Finance Minister Sri Mulyani Indrawati had agreed to accelerate budget deficit financing and for the central bank "to ease the government's burden" of responding to the outbreak.

"The point is BI is ready to provide financing for the state budget and share the burden," Warjiyo told a seminar hosted by the IPB School of Business.

The central bank and the finance ministry are in their final stage of agreement for the deficit financing scheme and they would work with parliament's finance commission and the Audit Board of Indonesia to ensure accountability, Warjiyo said.

Lawmakers last week pressured BI to step up its bond buying and purchase zero coupon government debt in a bid to help combat the economic fallout of the coronavirus pandemic, even after the central bank made its third interest rate cut this year. Warjiyo reiterated in the seminar that BI has scope to trim its main policy rate further.

BI has so far in 2020 bought 40 trillion rupiah ($2.83 billion) of government bonds directly in auctions, as a non-competitive bidder, with pricing determined by the market. It has also purchased 166.2 trillion rupiah of bonds in the secondary market.

In total it has injected 614.8 trillion rupiah of liquidity into the financial system, including via bond buying operations, the governor said.

The fiscal deficit this year is expected to be 6.3 per cent of GDP, up from an initial plan of 1.8 per cent, with the government forecasting a 10 per cent drop in revenue and allocating nearly $50 billion for the COVID-19 budget. Indonesia recorded a total of 51,427 coronavirus cases as of Friday, with 2,683 deaths.

French drugmaker Sanofi to cut up to 1,680 jobs in Europe

Reuters, *Paris*

French drugmaker Sanofi, which employs more than 100,000 people worldwide, confirmed on Friday it will axe up to 1,680 jobs in Europe to cut costs and lift profits.

The lay-offs are part of a broader strategy outlined in December by Sanofi CEO Paul Hudson, which includes a cost savings target of 2 billion euros ($2.2 billion) by 2022.

A Sanofi spokeswoman said the cuts, mainly affecting blue-collar workers, would be carried out over three years.

Reuters reported on Thursday that Sanofi was considering hundreds of job cuts and would hold talks with staff representatives on Friday and on June 29. A source said some 1,000 jobs would go in France, where it has about 25,000 staff.

None of Sanofi's plants will close, a source familiar with its thinking said, but activity at some research centres will cease after it decided last year to end diabetes and cardiovascular research, two areas where it has lost ground.

An internal document seen by Reuters said Sanofi will focus on greater efficiency through digitalisation and IT outsourcing.

A French Finance Ministry source told Reuters that the government will ensure that there are no sites closed and there are no forced lay-offs.

Sanofi has been bulking up in areas where it believes it can secure leading positions, including cancer drugs and last year said it would buy U.S. biotechnology firm Synthorx for about $2.5 billion.

Vaccines are also a priority for Sanofi which is working on two candidates to prevent COVID-19, one with GlaxoSmithKline and another with U.S. Translate Bio.

Sanofi said last week it would invest 610 million euros at two French sites to turn them into a hub dedicated to research, development and production of vaccines. Some 200 new jobs are expected to be created at one of the locations.

"Today's news is hard to digest," Thierry Bodin, an official with the CGT union said.

Carlyle buys 20pc stake in Piramal Pharma businesses

Reuters

US-based Carlyle Group Inc has agreed to buy a 20 per cent stake in the pharmaceutical unit of Indian conglomerate Piramal Enterprises Ltd for about $490 million, the companies said in a statement on Saturday.

Piramal Pharma will use the capital injection to accelerate its organic and inorganic growth plans, the statement said.

The investment comes a month after the private equity firm bought a majority stake in Indian animal healthcare company SeQuent Scientific Ltd.

"India is a hugely strategic part of Carlyle's Asia business, and a market where we continue to see many attractive investment opportunities," Greg Zeluck, Co-Head of Carlyle Asia Partners advisory team said.

Earlier this month, India's Economic Times reported that Carlyle had emerged as the frontrunner to grab a minority stake in the pharma unit of business mogul Ajay Piramal, with US private equity firms TA Associates and KKR & Co Inc also submitting offers for the 20 per cent stake.

The transaction is expected to close in 2020.