



Mohammad Khorshed Alam, director for sales and marketing of Akij Board, unveils the new logo of the particle boards manufacturer with a slogan 'Now you can', at an event recently.

# India August inflation seen above RBI's target range

REUTERS, Bengaluru

India's retail inflation likely stayed above the Reserve Bank of India's medium-term target range in August for the fifth straight month as supply disruptions kept food and fuel prices high, a Reuters poll showed.

While the government has eased lockdown restrictions to revive the economy, supply distortions remain due to coronavirus cases rising domestically at the fastest pace in the world.

The Sept. 4-9 Reuters poll of nearly 50 economists suggested consumer prices rose 6.85 per cent last month from a year ago.

While that is slightly lower than the 6.93 per cent surge in July, if realised it would mean inflation was above the central bank's target range of 2-6 per cent for a fifth straight month - something not

seen since August 2014.

"Supply side disruptions have led to an increase in food prices, especially vegetables. Moreover, some pent-up demand supported core inflation along with high gold prices and an increase in excise duty on petrol and diesel that have second round effects," said Sakshi Gupta, senior economist at HDFC Bank.

Good monsoon rains - a key factor for agricultural produce and rural demand in India - raised hopes of some easing in the rise in food costs but a meaningful decline may be a distant possibility as transportation remains a major concern as the virus is still spreading rapidly.

That gives little room for further monetary policy easing despite official data showing Asia's third-largest economy contracted a record 23.9 per cent last quarter and expectations for a first full-year

contraction in four decades.

Still, the RBI - which has slashed its key repo rate by a cumulative 115 basis points since the pandemic began - kept rates on hold last month on concerns over rising price pressures.

"We think the trajectory of inflation suggests a very high likelihood the monetary policy committee will remain on hold in the next two meetings with the final rate cut possible in February 2021," said Aditi Nayar, principal economist at ICRA.

The poll also forecast industrial output plunged 11.5 per cent in July - marking a fourth straight month of decline.

Those expectations came after a near 10 per cent fall from a year ago in the output of eight core industries, or infrastructure output, which accounts for about 40 per cent of total industrial production.

# European companies fear 'arbitrary punishment' amid China-Europe tensions

REUTERS, Beijing

European companies in China are increasingly afraid of "arbitrary punishment" amid a more politicized business environment, a European business industry group said on Thursday.

The annual report of the European Chamber of Commerce in China also highlighted concerns about travel restrictions imposed on foreign workers because of the coronavirus pandemic and the exclusion of foreign businesses from key sectors of the economy.

"Companies are left navigating a political minefield during a health crisis of truly overwhelming proportions," chamber president Joerg Wuttke said in comments attached to the report, which draws on contributions from working groups, surveys and comments from its more than 1,700 members.

The report warned that the risk of deteriorating relations between China and Europe - over issues like Beijing's treatment of the Uighur Muslim

minority and new national security legislation for Hong Kong - could seriously impact European companies doing business in China.

European companies now "have even more reason to believe that they could become victims of arbitrary punishment" due to their home country governments' actions against China, the report said.

The report cited China's imposition in May of a more than 80% tariff on Australian barley imports, effectively stopping a billion-dollar trade in a move widely viewed as linked to escalating political tensions between Canberra and Beijing.

Already inflamed by Australia's allegations that China was meddling in its domestic affairs, relations worsened when Prime Minister Scott Morrison called for an independent inquiry into the origins of COVID-19.

Travel restrictions imposed amid the pandemic have also left many European company employees stranded outside of China, and discrimination against foreigners was ignored by Chinese officials, the said.

"Chamber members cannot help wondering if these actions and inactions are indicative of a broader mindset that while foreign capital and technology are desired in China, foreigners themselves are not," it said.

The report also cites a continued lack of significant opening of China's market, with bureaucratic obstacles to full entry in sectors like banking and insurance, cutting off foreign companies from gaining market share.

"Worryingly, there now seems to be a growing list of sectors that either restrict foreign investment, or in which support is provided to China's national champions to the extent that it squeezes out any potential European competition," it said.

Renewables, telecoms, and other high-tech industries with strong growth potential are tightening up to foreign investors, the report said.

China has sent both its foreign minister and top diplomat to Europe in recent weeks, in efforts to bolster ties amid increasing tensions with the United States.



Vendors wait for customers at their respective shops at a retail market in Kolkata.

# India's Reliance offers Amazon \$20b stake in retail arm

REUTERS, Bengaluru

India's Reliance Industries is offering to sell a roughly \$20 billion stake in its retail arm to Amazon.com Inc, Bloomberg News reported on Thursday, citing one unnamed person with knowledge of the matter.

The oil-to-telecoms conglomerate led by billionaire Mukesh Ambani, which has already raised \$20 billion in this year from investors including Facebook and Google, is willing to sell an up to 40 per cent stake in the retail business to Amazon, the agency reported.

Neither Amazon nor Reliance responded to Reuters requests for comment.

Asia's richest man, Ambani is turning his focus toward retail after successfully building India's top telecom network by customers in less than four years, hoping to take a dominant position as India's huge consumer market comes of age.

Amazon has held talks about investing in Reliance Retail and expressed interest in negotiating potential deals but has made no decision, Bloomberg's report said.

Reliance Retail, with close to 12,000 stores selling a wide range of products, acquired rival Future Group's retail arm last month and on Wednesday announced a \$1 billion investment from Silver Lake Partners.

Shares in Reliance were up 6.2 per cent in midday trading in Mumbai after hitting a record intraday high.

# Ctg customs to auction off abandoned food items, chemicals

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Mostly from China, India, Australia and Singapore, the goods include commodities, cosmetics, chemicals, plastics, automobiles, electronic and leather goods, construction materials, tiles and ceramics, according to data collected from the National Board of Revenue and Chattogram customs.

"If the imported goods do not get delivered within the stipulated time, we send the information of these products to the auction branch of customs," said Md Zafar Alam, member (administration and planning) at Chittagong Port Authority.

"Although the port is responsible for maintaining the goods, it is the responsibility of the customs authorities to auction those off or destroy those," he said.

On why it was taking so long to hold auctions, customs officials said most of them were performing roles of multiple posts for an acute shortage of manpower.

The customs house has only 597 employees whereas an estimate of the 1980s recommended that there should be 1,248.

# BoP returns to black

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Weak private consumption spending raises private savings, particularly when remittances have boomed. Private investments have remained depressed as reflected in declining imports of capital goods.

"This shows that consumer and investor confidence is far from recovering to a pre pandemic level," the economist said.

Gross reserves stood at \$37.288 billion in July, enough to meet the country's imports of goods and services for seven months.

# Reform hopes rise as China focuses on inward economic shift

REUTERS, Beijing

Chinese reform advocates are hoping President Xi Jinping's proposed new economic model, expected to be the centerpiece of a key conclave next month, is an opportunity to quicken changes to spur domestic demand and tackle structural woes.

The new development model will be discussed at a meeting of the ruling Communist Party in October, where policies are expected to be built into the next five-year road-map for the economy, policy insiders said.

Xi in May proposed a "dual circulation" strategy for the next phase of economic development in which China will rely mainly on "domestic circulation" - an internal cycle of production, distribution and consumption.

That will be supported by "international circulation", in which China further integrates with the global economy, opening its doors to more foreign goods, capital and investment.

As tensions between Washington and Beijing rise, the potential decoupling of the world's two largest economies presents significant risks, a prospect that is firming China's resolve to shift reliance to its own vast domestic market, policy insiders said.

The gathering of the Central Committee, the largest of the Communist Party's elite decision-making bodies, will focus on the 2021-2025 plan for the country's social and economic development. It will be the 14th such plan since China embarked on rapid industrialisation under its first five-year plan in 1953-1957.

"It (dual circulation) will be a pivot of the 14th five-year plan. There will definitely be difficulties to make it work," said a policy insider.

Guided by the new strategy, elements of the 2016-2020 plan, including supply-side reforms and policies to spur urbanisation and innovation, are expected to be taken to the next level, the details of which will be unveiled at the annual parliamentary session next year.

Few details have been published on the scheme itself, but economists and think tanks are proposing various reforms that they deem crucial to steering a more self-reliant economic course and building long-term growth drivers, they said.

China's State Council Information

Office did not immediately respond to a faxed request for comment.

Government advisers have called for faster reform of China's land and residency systems - key obstacles to its goal of building a highly urbanised, consumer-driven economy - and tackling a yawning rich-poor gap that has weighed on spending.

Overhauling giant state companies would help tackle deep-rooted economic distortions and help level the playing field for struggling private firms, they argued.

"Domestic circulation won't take off if we cannot do a good job on

volatile exports has been a key policy goal for the past decade.

But many Chinese advisers and economists are disappointed over the pace of reform in recent years, as a stability-obsessed government has plucked lower hanging fruit and delayed more painful reforms first unveiled at a key party meeting in 2013.

Increased control by the ruling Communist Party over all aspects of society has raised doubts about faster changes.

"If we want to rely on domestic circulation, we must push reforms to unleash growth potentials," said Jia



An attendant wearing a face mask serves tea for Chinese President Xi Jinping during the meeting to commend role models in China's fight against the coronavirus disease outbreak, at the Great Hall of the People in Beijing, China on September 8.

reforms," said a government adviser who declined to be identified.

At a meeting with Chinese economists on Aug. 24, Xi pledged to take more measures to break down "deep-seated institutional barriers", and reaffirmed a longstanding pledge to let markets play a decisive role in resource allocation.

In April, China's cabinet issued guidelines on improving market-based allocation of "production factors", including land, labour, technology and capital, in a bid to deepen market-oriented reforms.

To be sure, rebalancing the economy to rely more on consumer spending and less on inefficient investment and

Kang, head of China Academy of New Supply-side Economics, a think tank.

The stakes are high.

Three decades ago, China took advantage of its abundant cheap labor, importing parts and components before re-exporting finished products. In recent years, it has pivoted towards consumption-led growth.

Last year, total exports and imports accounted for 32 per cent of gross domestic product (GDP), down from a peak of 64 per cent in 2006. Consumption as a share of GDP climbed to 55.4 per cent last year from 49.3 per cent in 2010, but was still far lower than 70-80 per cent in developed economies.

# US weekly jobless claims stuck at higher levels

REUTERS, Washington

The number of Americans filing new claims for unemployment benefits hovered at high levels last week, strengthening views that the labor market was settling into a more gradual path of recovery from the COVID-19 pandemic.

Initial claims for state unemployment benefits totaled a seasonally adjusted 884,000 for the week ended Sept. 5, matching the number of applications received in the prior week, the Labor Department said on Thursday. Economists polled by Reuters had forecast 846,000 applications in the latest week.

Though claims have dropped from a record 6.867 million at the end of March, layoffs persist across industries as many companies have exhausted loans from the government to help with wages and the coronavirus lingers. A weekly unemployment supplement, credited for the sharp rebound in economic activity, starting with record retail sales growth in May, lapsed in July.

Airlines, including United Airlines and American Airlines have announced furloughs and job cuts. There have also been layoffs at oilfield services and equipment companies.

Economists believe the labor market could take years to return to its pre-pandemic levels and are urging the White House and Congress to restart stalled negotiations for another rescue package amid a setback in the quest for a vaccine.

# ByteDance may miss US deadline for TikTok deal

REUTERS

ByteDance is likely to miss the deadline imposed by the Trump administration for the sale of TikTok's US assets as new Chinese regulations have complicated deal talks with bidders Microsoft Corp and Oracle Corp, Bloomberg reported on Thursday.

The company likely needs beyond the US executive order ban on Sept. 20 to reach an agreement with either of the parties due to the Chinese regulatory review, the report said, citing people familiar with the matter. ByteDance did not immediately respond to a Reuters request for comment.

The Trump administration is seeking to ban TikTok unless ByteDance sells the short-video app's US operations, citing potential national security risk due to the vast amount of private data the app is compiling on US consumers.

# Policies on e-commerce operations, complaints this month

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Internet infrastructure has to be improved to take the sector forward and the projects related to technological up-gradation have to be implemented quickly, Hussain said.

He emphasised on quality regulations so people did not end up being cheated.

"Because of the anonymity, we may not get the delivery of the products we see on the pages of the e-commerce platform. Then where do we go to have the grievances addressed? These are needed to help the market function properly."

Bangladesh's e-commerce market is expected to reach \$3 billion by 2023 on the back of a digital foundation laid down by the government and a young and tech-savvy population, said Statista, a German research firm, last year.