

Over 40pc of China's online sales counterfeit, shoddy: Xinhua

REUTERS, Shanghai
More than 40 percent of goods sold online in China last year were either counterfeits or of bad quality, the official Xinhua news agency said, illustrating the extent of a problem that has bogged down the fast-growing online sector.

According to the report, which was delivered to China's top lawmakers on Monday, just under 59 percent of items sold online last year were "genuine or of good quality", Xinhua said.

China has been trying to shake off a notoriety for pirated and counterfeit goods, long a major headache for global brands targeting the Chinese market from iPhone maker Apple Inc to luxury retailer LVMH.

Chinese e-commerce giant Alibaba Group Holding Ltd has been lobbying to stay off a U.S. blacklist for fakes after coming under renewed pressure this year over suspected counterfeits sold on its shopping platforms.

The report called for "accelerated legislation in e-commerce, improved supervision and clarification of consumers' rights and sellers' responsibilities". It added these were needed due to the rapid emergence of online sales, which grew 40 percent last year to 2.8 trillion yuan (\$441.84 billion).

China wants to boost protection for consumers online, where there is still a lot of uncertainty about how consumers can claim compensation or hold online vendors to account.

The report added customer complaints about online orders hit 77,800 last year, a steep jump of 356.6 percent against 2013.

Tough choices needed to end extreme poverty

JIM YONG KIM

THE dramatic fall in global poverty over the past two decades is the best news in the world today. For the first time ever, the percentage of people living in extreme poverty -- now defined as living on less than \$1.90 a day -- is projected to fall below 10 percent this year, to 9.6 percent of the world's population. Unprecedented economic growth, especially in China, has allowed hundreds of millions of people to escape poverty.

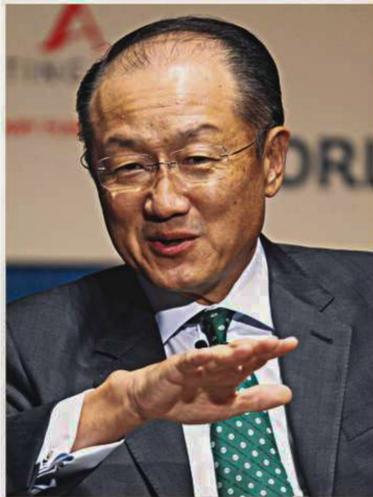
But to effectively end extreme poverty by 2030, which is the goal of the World Bank Group and our 188 member countries, our aspirations must be higher still. Many tough decisions will have to be made before we can become the generation that ends extreme poverty.

The question we ask today is how can developing countries progress in the face of slow global growth, the end of the commodities super-cycle, pending interest rate hikes, and capital flight from emerging markets?

In South Asia, the particular challenge will be to boost economic growth, ensure this growth reaches the most marginalised and vulnerable people, and to address the growing threat of climate change. For example, Bangladesh will not reach its economic growth potential unless it makes reforms to its banking and energy sectors, and improves fiscal and administrative management. In India, the longer term outlook is dependent on the implementation of the government's reform programme.

Our overarching strategy, based on more than 50 years of experience, is that three things must happen:

- Economic growth must lift all people. It must be inclusive.
- Investment in human beings is crucial—especially investing in their health and education. Malnourished and poorly edu-



Jim Yong Kim

cated children will never reach their full potential and countries, in turn, will fall short of their economic and social aspirations.

- We must ensure that we can provide safety nets that prevent people from falling back into poverty because of poor health, economic shocks, or natural disasters.

To spur growth, every dollar of public spending should be scrutinised for impact. Every effort must be made to improve productivity. And in a period when banks are de-risking, we have to ensure that capital is accessible, especially for small business owners and entrepreneurs who will create jobs.

In striving to end poverty, we have found that data is sparse and inconsistent globally. Some 29 countries around the world had no poverty data from 2002 to 2011, so they could not track their progress. Another 28 had just one survey that collected poverty

data during that time.

This is a situation that must change to improve the world's ability to tackle poverty. In fact, we cannot accomplish our goal if we do not have enough information to know whether people are actually lifting themselves out of poverty. For that we need to address huge data gaps. We need robust data.

To fix this problem, we have launched a new initiative to step up data collection in 78 of the world's poorest countries. We have pledged to work with our partners in countries and international organisations, to do something that makes common sense and is long overdue -- conduct surveys in all countries that will assess whether people's lives are improving.

With the World Bank's technical assistance, many countries in South Asia region are planning to have more frequent and consistent poverty monitoring. Pakistan and Sri Lanka are already good examples on the frequency of data collection. Pakistan collects data every two years and Sri Lanka typically every three years. Bangladesh is moving to three-year intervals from five years for poverty data collection.

As the world works to end extreme poverty in the next 15 years, it will be ever more important to have a solid foundation of data and evidence so that policies and programmes reach people who have not benefited from strong growth since 2000.

In a slowing global economy, governments must invest in quality education, health, sanitation and electricity for all, alongside effective social insurance policies that protect the vulnerable -- not as an afterthought, but as a core part of their growth strategies.

In tough times, countries that do well have already made the difficult choices. But countries that have not yet, still can. It is not too late. Tough policy choices will send signals to the world that governments are serious about laying the groundwork for future growth.

The author is the president of the World Bank Group.

M&S makes progress on profitability while sales fall

REUTERS, London

British retailer Marks & Spencer showed that efforts to boost profitability in its troubled clothing business are starting to pay off even though sales fell again in the latest quarter.

M&S, a mainstay of British shopping streets for more than 130 years, also beat forecasts for first-half profit and increased its dividend, sending its shares up as much as 4.2 percent.

The performance will give a boost to Chief Executive Marc Bolland, who, rather than chasing unprofitable sales has focused on growing gross margins -- the difference between the price M&S pays for goods and the price it sells them -- mainly through improvements in sourcing.

Bolland, CEO since 2010, regards general merchandise, spanning clothing, footwear and homewares, as a modest sales growth opportunity but a significant one for margin growth.

"We have delivered more sourcing gains and earlier than planned," he told reporters on Wednesday. Bolland has spent billions of pounds on the redesign of products, stores, supply chain logistics and the website to address decades of under investment at M&S's clothing business. Hopes that this will pay off has contributed to M&S shares rising by a third over the last year.

But his critics argue increasing gross margins alone is not a source of long-term growth and say the retailer is still failing to tempt younger shoppers, who can choose from a myriad of fashion brands including Zara, Next and online-only outlets.

"The top line performance is nothing sparkling, but the upside surprise is in the gross margin, where gains are significantly better than hoped," one major institutional investor in the retailer said.

Nestle India says to start sale of Maggi noodles within this month

REUTERS, Mumbai

Nestle India Ltd plans to commence the sale of popular Maggi noodles within this month, after court-mandated tests at three laboratories cleared all the samples with lead much below permissible levels, the company said on Wednesday.

The Indian unit of the Swiss food giant Nestle SA has been grappling with its worst public relations crisis after local regulators reported in May that some packets of the Maggi noodles contained unsafe levels of lead.

The regulator's findings led to a nationwide ban on its Maggi instant noodles and the company had to order a recall of the product a month later, which cost it about 66 million Swiss francs (\$67 million).

On Wednesday, Nestle's India unit said in a statement that the newly manufactured Maggi noodles were cleared for consumption by all three laboratories mandated by the Bombay High Court.

Last month, Nestle India said its quarterly profit dropped 60 percent, as the company reels from the impact of the ban on its Maggi noodles in the country.



REUTERS/FILE

Packets of Nestle's Maggi instant noodles are on display at a grocery store in Mumbai.

What is the IMF's benchmark currency basket?

REUTERS, Washington

INTERNATIONAL Monetary Fund policymakers are expected to decide this month whether to add China's yuan to the Fund's benchmark currency basket after a campaign by Beijing for inclusion.

Joining the Special Drawing Rights (SDR) basket would mark a symbolic coming of age for China as an economic power and an acknowledgement of its efforts to reform its economy to be more market driven.

It would have little immediate practical impact on the world economy, though currency analysts estimate that inclusion could drive global demand for the yuan to top \$500 billion in coming years.

What is the SDR?

The SDR was created in 1969 as a virtual currency and an international reserve asset. Its value, set every day, is determined by a basket of currencies comprising the U.S. dollar (41.9 percent), the euro (37.4 percent), pound sterling (11.3 percent), and yen (9.4 percent).

How important is the SDR?

As of Sept. 10, there were 204.1 billion SDRs in circulation, worth about \$280 billion. That's equivalent to less than 2 percent of total global reserve assets of \$11.46 trillion as of the end of June. The IMF allocates SDRs to its members depending on their stake in the Fund, and members can exchange them for hard currency if they want to adjust the composition of their reserves. The SDR interest rate, based on three-month market rates for debt in the respective currencies, governs the cost of IMF loans to members.

How does a currency qualify? The currency must be issued by a country or



REUTERS/FILE

An employee counts yuan banknotes at a branch of Bank of China.

currency union which is one of the world's top exporters over a five-year period. It must also be "freely usable", or widely used to make payments for international transactions, and widely traded in major currency markets. The yuan meets the first criteria but at the last review, in 2010, it was found not to be freely usable.

What criteria count in the review?

IMF staff found in a report in July that the yuan still had a way to go in meeting the freely usable criteria, for example pointing to sparse trading outside Asian markets and a low volume of yuan-denominated international debt.

But China has since announced reforms to tackle many of the shortcomings identified. Ultimately the decision will come down to the judgment of IMF members, as represented by the executive board. Countries like Britain and France have already signaled that they would support the yuan's inclusion.

Has the SDR basket's composition changed before?

The basket size was cut from 26 currencies to five in 1980, and in 2000 the euro replaced the Deutschmark and the French franc in the basket.

China plans to link Shenzhen, HK stock markets in 2015

AFP, Shanghai

CHINA has set a deadline of this year to link trading between the Shenzhen stock exchange and the Hong Kong market, the central bank chief said, following a similar connection with the Shanghai bourse.

China launched a landmark "stock connect" between Shanghai and its special administrative region of Hong Kong in late 2014, opening up its closeted share market to the outside world and giving foreign investors access to Chinese companies not quoted elsewhere.

Trading through the Shanghai-Hong Kong link was initially lacklustre, although it later picked

up during a huge rally in Chinese stocks before a bubble burst.

"The Shenzhen-Hong Kong connect will be launched this year, which shows China's capital market opening a new route to link with the world," Zhou Xiaochuan, head of the People's Bank of China, said in an article posted on the PBoC website on Tuesday.

The southern boom town of Shenzhen borders Hong Kong. As China's second exchange, its bourse mainly trades small companies and technology stocks.

But the PBoC later updated the posting, clarifying that the article was based on an internal speech that Zhou delivered in May -- before the stock market bubble popped in June.

The Hong Kong exchange said

in a statement the proposal was still subject to regulatory approval and no agreement had been entered into.

Still, investors cheered the news on Wednesday. The Shenzhen index surged 5.12 percent and the Shanghai market jumped 4.31 percent, helped by hopes for economic reforms and the market linkage.

"This is giving a big psychological boost to the Chinese stock markets," Ronald Wan, Hong Kong-based chief executive officer at Partners Capital International, told Bloomberg News.

"But optimism may wane soon, given what has happened to the Hong Kong-Shanghai Connect," he said.

The Shanghai-Hong Kong Stock

Connect, which allows the equivalent of \$3.8 billion a day in cross-border transactions, enables international investors to trade selected stocks on Shanghai's tightly restricted exchange and lets mainland investors buy shares in Hong Kong.

Chinese Premier Li Keqiang said in March the country would launch a connect programme between Shenzhen and Hong Kong "at an appropriate time" in a push for financial reforms, but gave no timetable.

The launch of the scheme was widely expected to be delayed after the plunges in Chinese stocks shook global markets. The benchmark Shanghai index is down more than 30 percent from its June peak.

S Korea's Hyundai launches luxury car brand

AFP, Seoul

South Korea's Hyundai Motor launched Wednesday a high-end brand named after its Genesis line of vehicles as it looks to expand its presence in the fast-growing luxury auto market.

Hyundai, which together with affiliate Kia is the world's fifth largest carmaker, said its premium Genesis brand will offer six models by 2020, including its existing luxury sedan launched in 2013 and another large sedan to be unveiled next month.

The company has boosted its high-end auto line ups including Genesis and Equus in recent years in a bid to shed its image as a cheaper alternative to bigger rivals like Toyota.

The Genesis models -- first introduced in 2008 -- have won a series of awards for design and are said to be more refined than the firm's past vehicles.

The existing sedan to be included in the luxury portfolio is priced at up to \$54,000 before tax in the U.S.

"High-end cars account for only 10 percent of the global market but... the sector is leading the industry in terms of technology and design," Hyundai vice chairman Chung Eui-Sun said at a press conference.

"I am confident that the launch of the new brand will play a major role in our future growth," he added, saying consumer demand for luxury cars is growing faster than the overall auto market.