

Xi says China will continue to open its economy, deepen financial reforms

REUTERS, Beijing

China will deepen economic and financial reforms and further open its markets to foreign investors as it looks to move from high-speed to high-quality growth, President Xi Jinping said on Wednesday.

China will push ahead with market-oriented reforms of its foreign exchange rate as well as its financial system, and let the market play a decisive role in the allocation of resources, Xi said at the opening of a key, twice-a-decade Communist Party Congress. "China's open door will not be closed, it will be only be opened wider," Xi said.

The government will "clean up rules and practices that hinder a unified market and fair competition, support development of private firms and stimulate vitality of all types of market entities," Xi said, while pledging to further open China's services sector to foreign investors.

However, while expressing support for market reform and private firms, Xi also called for stronger, bigger state firms. The government will "promote strengthening, improvement and expansion of state capital, (and) effectively prevent loss of state assets, deepen reform of state-owned enterprises, development a mixed-ownership economy and cultivate globally competitive world-class firms," Xi said.

Xi's comments reiterated a long-standing pledge by party leaders to give a greater role to free-market forces to improve efficiency and put the economy on a more sustainable growth path.

But as Xi gears up for his second five-year term, foreign business executives and analysts increasingly believe market liberalization is seen as secondary to his state-centered approach to economic policy and his focus on stability.

Other painful reforms that many

economists say are needed have also moved slowly under Xi. They include overhauling China's bloated and debt-laden state sector, fixing the fiscal system to tackle local government debt and bringing in new property taxes to ward off housing bubbles.

China should also strengthen consumption as a foundation for economic development, Xi said, and will expand the middle class and narrow the gap in development between rural and urban areas.

Beijing's campaign to rein in high debt levels and industrial overcapacity will continue as part of supply-side structural reforms, he added. Xi also proposed a goal of developing China into a "basically" modernized, innovation-driven country by 2035 and a modern "strong power" by 2050.

But analysts said that suggests the government is likely to continue to target moderately high economic

growth in coming years, which could see the country's large debt pile climb even further.

China's gross domestic income per capita would need to rise by an average of 6.6 percent a year in real US dollar terms from 2017 onwards to become an "innovative economy" and match the development level of today's South Korea by 2035, ANZ estimated.

That growth figure needs to be no lower than 4.9 percent for China to be a "modernized economy" - the by World Bank's definition of high income countries - all the way to 2050, ANZ added. "Nobody knows what is a 'modernized country', but from the wording of Xi Jinping you can tell what he would like to achieve is for China to be one of the high income countries today like Japan and Australia," said Raymond Yeung, Great China Chief Economist at ANZ in Hong Kong.

China is expected to post its strongest economic growth in several years this year, riding on a government-led construction boom, but economists said it is still relying too heavily on credit-fueled stimulus despite policymakers' vows to reduce debt risks.

Some international agencies and economists have argued Beijing should abandon its arbitrary annual growth targets or lower it to become less reliant on government stimulus and bank credit. Less ambitious growth targets would also give policymakers more room for tougher reforms. Specific economic targets for 2018 are likely to be set during an economic work meeting later this year, but are not expected to be announced until March.

The International Monetary Fund warned this year that China's credit growth was on a "dangerous trajectory" and called for "decisive action", while the Bank for International Settlements said in late 2016 that excessive debt growth was signalling a banking crisis in the next three years.



WKH Wepapitiya, chairman of LAUGFS Holdings, and Mohammed Saidul Islam, CEO of LAUGFS Gas Bangladesh, a subsidiary of the Lankan company, cut a cake to celebrate the second anniversary of LAUGFS Gas Bangladesh, at a programme.

Hiring not part of Alibaba pledge to create US jobs

AFP, Laguna Beach, United States

Alibaba executive vice chairman Joseph Tsai said Tuesday he expects to boost US jobs by expanding the Chinese firm's e-commerce platform -- not by hiring American workers.

Tsai, speaking at a California tech conference, made the comments to follow up on a headline-grabbing pledge earlier this year by Alibaba founder Jack Ma and US President Donald Trump that the Chinese internet firm would create one million US jobs.

The pledge by Ma was seen at the time as more of a public relations move than a promise to hire in the US.

When asked what Alibaba was doing to deliver on the promise, Tsai responded that giving merchants in China an online platform to boost sales indirectly created tens of millions of jobs in that country.

"We believe we can bring the same idea -- bring a platform here to let American companies sell to Chinese consumers," Tsai said during an on-stage interview at the WSJD Live conference in Laguna Beach, California.

"It is not direct job creation in (that) we are going out and hiring employees. Given the leverage here, we think that is how we can go out and create a million jobs."

Alibaba boasts more than a half-billion

customers, most of them using mobile devices. Sometimes referred to as the Amazon of China, Alibaba is a force in e-commerce, cloud computing and digital entertainment.

"Our peer in the US, Amazon, they seem to have gobbled up a whole lot of foods," Tsai responded playfully when asked whether Alibaba was out to "eat everything" when it came to expanding into new markets.

"Maybe, if you look at that you can find some mirror image of what we are doing."

For now, Alibaba is still "swimming in its own little pond," and its international expansion is focused on enabling its customers in China to do business abroad, according to Tsai.

It faces dominant local competitors such as Amazon and eBay.

China's largest online shopping portal went on the defensive after the office of the US Trade Representative put its massive electronic sales platform Taobao on its annual blacklist, saying it was not doing enough to curb sales of fake and pirated goods.

Although inclusion on the blacklist carries no penalties in itself, it dealt a blow to Alibaba's efforts to improve its image and boost international sales.



Chinese President Xi Jinping speaks during the opening of the 19th National Congress of the Communist Party of China at the Great Hall of the People in Beijing, China yesterday.

Bidding war heats up for \$5b second Amazon HQ

AFP, New York

It's the prize of a lifetime -- a \$5 billion investment creating 50,000 well-paid jobs that everyone wants, but only one US city will get.

From East to West, from North to South, metropolises across the United States are locked in a frenzied bidding war desperate to woo Amazon into favoring them as the site of the e-commerce giant's second headquarters.

From \$7 billion in tax breaks in Newark, New Jersey -- 50 years ago aflame by deadly race riots -- to a giant cactus shipped inter-state, bids range from the colossally ambitious to the silly before Thursday's deadline for submissions.

The e-commerce giant announced last month that it planned to invest more than \$5 billion in opening Amazon HQ2, a second company headquarters in North America that would create up to 50,000 jobs, and tens of thousands of spin-off jobs.

"We expect HQ2 to be a full equal to our Seattle headquarters," promised Amazon founder Jeff Bezos, America's second richest billionaire worth \$85.8 billion.

The Seattle-based company's unusual announcement unleashed nationwide competitive juices as some of America's most glittering cities -- New York and Chicago vie with lesser-known backwaters looking to exit oblivion.

"Let any state go and try to beat that package," announced a typically bombastic New Jersey Governor Chris Christie on behalf of Newark's bid.

Christie, a Republican ally of US President Donald Trump, reached across the increasingly bitter US partisan divide

to join forces with Democratic Senator Cory Booker and champion Newark's chances.

New Jersey dangled the prospect of \$5 billion in tax incentives over 10 years, \$1 billion in property tax abatement and wage tax waivers that would allow Amazon employees to keep around \$1 billion of their hard earned money over 20 years.

As part of New York's metropolitan area, Newark fulfills Amazon's preference for places with more than one million people, a business-friendly environment and urban or suburban locations able to attract and retain strong technical talent.

But that wishlist hasn't stopped lesser contenders resorting to gimmicks in a bid to win attention and perhaps circumvent the stipulations from Amazon.

Atlanta suburb Stonecrest, Georgia has offered to surrender 345 acres to create a new city called -- wait for it -- Amazon.

"They have an eternal brand if they create and live in Amazon," Mayor Jason Lary told Fox Business. "Their own zip-code."

Birmingham, Alabama erected giant replicas of Amazon's distinctive grey shipping boxes downtown, a business group in Tucson, Arizona, uprooted a 21-foot (6.5-meter) cactus and shipped it to Amazon's Seattle head office.

"Unfortunately, we can't accept gifts (even really cool ones)," tweeted the retailer in response, saying they had donated it to the Desert Museum.

Then there have been the letters. Basketball legend Michael Jordan reportedly wrote to Bezos recommending Charlotte, North Carolina.

Gold slips

REUTERS

Gold slipped on Wednesday as the dollar strengthened amid speculation that the next US Federal Reserve chief may be a policy hawk.

US President Donald Trump has a pool of five candidates to choose from for the next chair of the Federal Reserve and is likely to announce his choice before going to Asia in early November, a source familiar with the situation said.

Current Fed Chair Janet Yellen, whose term expires in February, is one of the five candidates, the source said.

Spot gold was down 0.1 percent at \$1,283.16 an ounce at 0800 GMT. It hit a one-week low of \$1,281.31 on Tuesday.

US gold futures for December delivery were off 0.1 percent at \$1,285 per ounce. The dollar edged higher as investors mulled the possibility of a likely hawkish Fed chair.

"All the rhetoric around that is that it's more hawkish... Just few surprises hitting the market there and helping the dollar regain footing and keeping yields very steady, so really putting gold under pressure," a Hong Kong-based trader said.



Pradeep Srivastava, chief commercial officer of Robi, and Biplob Kumar Roy, CEO of TVS Auto Bangladesh, pose with the winners of "Duranta Mega Campaign" for distributors' sales representatives of Robi and Airtel, at a programme at TVS Auto's headquarters in Dhaka.

India's tightened consumer goods standards could hurt China imports

REUTERS, New Delhi

India is tightening quality controls for consumer and capital goods, officials say, a move that follows calls to curb cheap imports from China amid diplomatic tensions between the world's two most populous nations over their shared border.

The new rules target toys, electronic goods, machinery, food processing, construction and chemicals, sectors dominated by China, and come amid greater scrutiny of mainland firms looking to enter India's multi-billion dollar power transmission and telecoms business.

For India's toy retailers, who import everything from toy cars to musical phones and even robots from China, the new requirements have meant supply disruptions just ahead of the Diwali festive season.

The government's Bureau of Indian Standards (BIS) has approximately 23,000 standards across industries, many of which are never fully enforced, officials say. Now, government departments have been asked to carry out laboratory tests and spot inspection to ensure goods conform to the regulations.

"We have started this work on a war footing, to have quality control orders

for almost every product that we are consuming in the country," said Ramesh Abhishek who heads the Department of Industrial Policy and Promotion. The new rules apply to both foreign manufacturers and domestic firms.

However, two people familiar with trade policy who did not want to be named said the sectors targeted are ones in which China controls more than two-thirds of the market, such as toy and stainless steel good industries, and where there have been "chronic" complaints of substandard products.

Separately, Indian Steel Secretary Aruna Sharma said her department will soon release new guidelines, raising quality norms for welded stainless steel pipes that are used in oil and gas as well as construction sector.

"There is evidence of China exporting semi-finished and finished goods using stainless steel that do not meet the BIS standards," Sharma said.

India's trade ministry did not respond to Reuters' request for comment on the new rules. China's Foreign Ministry referred questions to the Commerce Ministry, which did not immediately respond to request for comment.

Bilateral trade between India and China boomed to \$71.45 billion in

2016-17 from \$1.83 billion in 1999-2000, though most of this is skewed to Chinese exports.

The trade deficit has widened to \$51.1 billion over the past year, a nine-fold increase over the last decade, despite repeated Indian calls for China to address the imbalance and open its markets. Those trade differences are now being amplified by the resurfacing of a long-running border dispute, which has stirred protectionist sentiment in India.

In June, a nationalist group tied to Prime Minister Narendra Modi's ruling party began a campaign to discourage the use of Chinese goods in the country.

The Swadeshi Jagran Manch, an affiliate of the main Hindu nationalist organisation that fights for domestic industry and agriculture, has planned a protest rally in Delhi later this month against the influx of Chinese products.

The new testing requirements for toys focus on their chemical content and flammability and demand more stringent testing for those that are electrically operated.

China accounts for 85 percent of India's \$760 million toy industry and these are priced at anything from 50 cents to \$150.



Khandokar R Amin, vice chairman of the executive committee of NRB Bank Ltd, opens the 30th branch of the bank in Mograpara area of Sonargaon in Narayanganj. Md Mehmood Husain, CEO, was also present.