

China moves to lift confidence as economy cools further

REUTERS, Beijing

CHINA'S economic growth cooled to its weakest quarterly pace since the global financial crisis, with regulators moving quickly to calm nervous investors as a years-long campaign to tackle debt risks and the trade war with the United States began to bite.

Chinese authorities are trying to navigate through numerous challenges, as the trade war fears have sparked a blistering selloff in domestic stock markets and a steep decline in the value of the yuan versus the dollar, heightening worries about the growth outlook.

The economy grew 6.5 percent in the third quarter from a year earlier, below an expected 6.6 percent rate, and slower than 6.7 percent in the second quarter, the National Bureau of Statistics said on Friday.

It marked the weakest year-on-year quarterly gross domestic product growth since the first quarter of 2009 at the height of the global financial crisis.

"The trend of slowdown is strengthening despite Chinese authorities' pledge to encourage domestic investment to support the economy. Domestic demand turned out weaker than unexpectedly solid exports," said Kota Hirayama, senior emerging markets economist at SMBC Nikko Securities in Tokyo.

After another big decline in Chinese stocks on Thursday, policymakers launched a coordinated attempt to soothe markets, with central bank governor Yi Gang saying equity valuations are not in line with economic fundamentals.

Beijing has already been increasing policy support in the last few months to prop up growth.



AFP

A man (R) takes a nap on a long chair inside a shop in a mall in Beijing.

Yi and senior regulators pledged targeted measures to help ease firms' financing problems and encourage commercial banks to boost lending to private firms. China's Vice Premier Liu He, who oversees the economy and financial sector, also chimed in to bolster sentiment.

The Shanghai Composite index, which slumped more than 1 percent in early Friday deals, rallied strongly in afternoon trading to finish up 2.6 percent.

Third quarter growth was hurt by the weakest factory output since February 2016 in September as automobile makers cut production by over 10 percent amid a sales slowdown.

"Weakness is largely coming from the secondary industry-most notably manufacturing. We may review our Q4 forecasts," said Betty Wang, senior China

economist at ANZ in Hong Kong.

On a quarterly basis, growth cooled to 1.6 percent from a revised 1.7 percent in the second quarter, meeting expectations.

Importantly, second quarter sequential growth was revised down from the previously reported 1.8 percent, suggesting the economy carried over less momentum into the second half than many analysts had expected.

Before the data release, economists had expected China's full-year growth to come in at 6.6 percent this year - comfortably meeting the government's 6.5 percent target - and 6.3 percent next year.

But now some say growth could slow even more dramatically next year.

"Looking ahead, the eco-

nomical outlook is not optimistic with exports facing further headwinds as US tariffs kick in and demand from emerging countries ebbs. GDP growth is likely to slow to 6.0-6.2 percent next year," said Nie Wen, an analyst at Hwabao Trust Shanghai.

China's once high-flying automakers are now feeling the brunt of weaker consumer spending. Car sales fell the most in nearly seven years in September, data showed last week, with GM and Volkswagen reporting double-digit declines.

Beijing and Washington have slapped tit-for-tat tariffs on each other's goods in recent months, sparked by US President Donald Trump's demands for sweeping changes to China's intellectual property, industrial subsidy and trade policies.

Plans for bilateral trade talks

to resolve the dispute have stalled, triggering a domestic equities rout and putting pressure on China's already softening economy and weakening currency.

China's exports unexpectedly kicked accelerated in September, largely as firms front-loaded shipments to dodge stiffer US duties, though analysts see pressure building in coming months.

"We expect an adverse impact from the trade tension will appear more clearly in data after the start of new year," SMBC Nikko Securities' Hirayama said.

Separate data on Friday showed China's factory output growth weakened to 5.8 percent in September from a year earlier, while fixed-asset investment expanded at a slightly faster-than-expected 5.4 percent in the first nine months of the year.

Infrastructure investment rose 3.3 percent year-on-year for Jan-Sept, slower than 4.2 percent growth in the first eight months of the year.

Retail sales rose 9.2 percent in September from a year earlier, bouncing after several months of lackluster growth.

Faced with rising headwinds to the economy, policymakers are shifting their priorities to reducing risks to growth by gradually easing monetary and fiscal policy.

An official with China's top economic planning agency said in July that China's economy needs to maintain around 6.5 percent growth in order to ensure enough jobs are created, an indication that Beijing may not be comfortable with growth much below current levels.

Last week the People's Bank of China (PBOC) announced the fourth reserve requirement ratio (RRR) cut this year, stepping up moves to lower financing costs.

EU, Singapore sign FTA

AFP, Brussels

The European Union and Singapore signed a landmark trade deal on Friday on the sidelines of a Europe-Asia summit that Brussels hopes can be a rebuke to protectionism in Washington.

Singapore Prime Minister Lee Hsien Loong signed the accord in Brussels with European Council President Donald Tusk, European Commission President Jean-Claude Juncker, and Austrian Chancellor Sebastian Kurz, whose country currently holds the EU Presidency.

Hailing the Singapore agreement, German Chancellor Angela Merkel said "we can make it clear that the world is about creating win-win situations."

These deals "make it clear that what benefits one, can also benefit the other," she added as she arrived for an EU-Asia summit where the deal was signed, in a tacit criticism of US President Donald Trump.

The text still needs to be validated by the European Parliament before it enters into force in 2019.

The leaders also signed of the EU-Singapore Investment Protection Agreement, the more controversial aspect of the package as it sets up a special court to decide business conflicts. After a successful battle spearheaded by environmental activists in Europe, this aspect of the deal must now face ratification by the EU's 28 member states, a process that could take months or years.

"It is a very important stepping stone, this is the most ambitious agreement we have ever made with a developing country so it sets the standard ... for whatever we do in the region," EU Trade Commission Cecilia Malmstrom said on Wednesday.

"What we have with Singapore is ... paving the way for a future region-to-region agreement," Malmstrom added.



REUTERS

European Council President Donald Tusk and Singapore's Prime Minister Lee Hsien Loong attend the EU-Asean meeting on the sidelines of the EU-ASEM summit in Brussels on Friday.

Europe, Asia back free trade in face of Trump's 'America first'



REUTERS

Chinese Premier Li Keqiang, German Chancellor Angela Merkel and Japan's Prime Minister Shinzo Abe react as they pose for a group photo at the ASEM leaders summit in Brussels on Friday.

AFP, Brussels

MORE than 50 European and Asian leaders backed free trade and the fight against climate change on Friday in a veiled swipe at US President Donald Trump and his increasingly protectionist approach.

As disputes fester with Washington, the 12th summit of the Asia-Europe Meeting (ASEM) gave its support to the World Trade Organization (WTO), which Trump has accused of treating the US unfairly.

Senior figures from Asia and Europe gathered in Brussels for talks over two days, including the prime ministers of China, Japan and Russia.

The leaders "committed to ensure free and open trade on a level playing field and fight all forms of protectionism, including protectionist unilateral measures and unfair trade practices", in a statement issued after the summit.

The US president has relentlessly pursued a confrontational trade policy,

including imposing harsh tariffs on steel and aluminium, and on \$250 billion in annual imports from China.

German Chancellor Angela Merkel, the head of Europe's biggest economy which Trump has targeted for criticism, rejected the idea that trade deals must be about winners and losers.

"The summit shows that countries from Europe and Asia, which all want a rule-based world trade, are gathering here to commit themselves to multilateralism and this is an important signal," Merkel told reporters.

"I believe that we can make it clear that the world is about creating win-win situations, making it clear that what benefits one can also benefit the other."

The EU inked a landmark trade deal with Singapore on the margins of the summit on Friday in what Brussels hopes will be a clear rebuttal of rising US protectionism.

The Korean peace process was also on the agenda, with senior EU officials holding talks with South Korean President Moon Jae-in.

Earlier this week Moon said world powers needed to reassure the North Korean leader Kim Jong Un that he had taken the right decision in committing to scrap his nuclear weapons programme.

Leaders at the summit also "reiterated their collective support" for the beleaguered Iran nuclear deal, which suffered a hammer blow when the US pulled out earlier this year and reimposed sanctions on Tehran -- despite the desperate pleas of European allies.

But Europe's desire to build a united front with Asian powers is tempered by grave concerns about numerous human rights issues in countries across the continent.

The EU warned Cambodia and Myanmar that they could face losing preferential trading privileges with the bloc over election irregularities and the Rohingya crisis, respectively.

A brutal military crackdown on Rohingya Muslims in Myanmar's northern Rakhine state which began last year has forced more than 700,000 to flee to neighbouring Bangladesh.

Google to charge Android partners up to \$40 per device for apps

REUTERS, Brussels/San Francisco

ALPHABET Inc's Google will charge hardware firms up to \$40 per device to use its apps under a new licensing system to replace one that the European Union this year deemed anti-competitive, a person familiar with the matter said on Friday.

The new fee goes into effect on Oct. 29 for any new smartphone or tablet models launched in the European Economic Area and running Google's Android operating system, the company announced on Tuesday.

The fee can be as low as \$2.50 and rises depending on the country and device size, the person said. It is

standard across manufacturers, with the majority likely to pay around \$20, the person added.

Companies can offset the charge, which applies to a suite of apps including the Google Play app store, Gmail and Google Maps, by placing Google's search and Chrome internet browser in a prominent position. Under that arrangement, Google would give the device maker a portion of ad revenue it generates through search and Chrome.

Tech news outlet the Verge reported the pricing earlier on Friday, citing confidential documents. The European Commission in July found Google abused its market dominance in mobile software to essentially force Android

partners to pre-install search and Chrome on their gadgets. It levied a record \$5-billion fine, which Google has appealed, and threatened additional penalties unless the company ended its illegal practices.

The new system should give Google's rivals such as Microsoft Corp more room to partner with hardware makers to become the default apps for search and browsing, analysts said.

Qwant, a small French search company that has been critical of Google, said in a statement on Friday that it was "satisfied that the European Commission's action pushed Google to finally give manufacturers the possibility to offer such choices to consumers."

Facebook hires former UK deputy prime minister as head of global affairs

REUTERS, London

FACEBOOK Inc has hired former British Deputy Prime Minister Nick Clegg to lead its global affairs and communications team, as the social network deals with a number of scandals related to privacy, fake news and election meddling. The appointment makes Clegg, former leader of Britain's Liberal Democrats and deputy to David Cameron in the 2010-2015 coalition government, the most senior European politician ever in a leadership role in Silicon Valley.

Facebook said Chief Executive Officer Mark Zuckerberg and Chief Operating Officer Sheryl Sandberg were closely involved in the hiring process, and started talking to Clegg over the summer.

"Our company is on a critical journey. The challenges we face are serious and clear and now more than ever we need new perspectives to help us through this time of change," Sandberg said on a Facebook post congratulating Clegg.

Clegg, 51, succeeds Elliot Schrage and will report to Sandberg beginning on Monday. He will move to California with his family in the new year.

He was ousted as deputy prime minister after the



REUTERS/FILE

Former Liberal Democrat leader Nick Clegg speaks at a campaign event in London.

Conservatives won a majority in 2015 in an election that saw his Liberal Democrats suffer a significant loss of support.

Clegg, whose appeal to younger voters was critically damaged when he broke a promise not to raise student tuition fees, lost his own seat in Britain's parliament in an election last year.

He apologized in 2012 for breaking his promise on student charges, saying "I will never again make a pledge unless as a party we are absolutely clear about how we can keep it".

Clegg is joining a company that has apologized for its mistakes and has promised to do better on many occasions, for

example for breaching its users' trust. "Throughout my public life I have relished grappling with difficult and controversial issues and seeking to communicate them to others," Clegg said in a Facebook post.

"I hope to use some of those skills in my new role" Clegg, a strong advocate of Britain's membership of the European Union, said it was a "wrench" to be leaving the public debate at a crucial time in Brexit, but added that key decisions would pass to parliament, of which he was no longer a member.

He will join his Liberal Democrat colleague Richard Allan at the social network.