

# China signals more support for economy

AFP, Beijing

CHINA'S top policymakers Friday signalled more support for the economy next year with tax cuts and other policy measures as a bruising battle on debt and a trade war with the US have weighed on growth.

The meeting headed by President Xi Jinping also pledged further opening of the economy, better protection of intellectual property rights and to push forward trade negotiations with Washington.

The outcome of the annual Central Economic Work Conference, during which leaders review past policy and plan for the upcoming year, was published by the state news agency Xinhua.

Economic data has shown China's economy slowing this autumn, with Chinese consumer spending growing at its slowest pace in 15 years during November and factories easing up on production.

Xi and US President Donald Trump agreed to a 90-day tariff truce this month, as the two sides try to find a more permanent solution to the trade dispute.

Trade frictions with the US have been "handled steadily", the statement said.

"We must implement the consensus reached in Argentina between the Chinese and US heads of state and push forward economic and trade negotiations," the readout said.

Comprehensive opening up is listed as one of the seven major tasks for next year -- but critics say Beijing has long promised much while delivering little.

Beijing will work to relax market



REUTERS/FILE

Workers are seen next to a crane at a construction site of a maintenance and repair depot of a subway line under construction in Beijing.

access, protect the legitimate rights and interests of foreign businessmen in China, especially IP rights, and allow them to operate independently in more areas, Xinhua said.

China's top officials hammer out their broad plans for the next 12 months during the three-day closed-door meeting.

Besides Xi, the entire Politburo standing committee, and top leaders from every province and region attended, Xinhua said.

China would "continue to implement a proactive fiscal policy and a prudent monetary policy," the statement said.

The meeting pushed for more

fiscal measures and "a larger tax cut". Beijing has already put in place one round of tax cuts for the middle and lower class this year.

Still the trade row with the US has sapped market confidence, dragging down Chinese equities and the yuan.

Policymakers said they would increase the scale of local government bond issuance and solve financing problems for small and medium enterprises.

The world's number two economy expanded at its slowest pace for nine years in July-September and analysts expect full year growth to slow further next year.

The meeting said China would

"keep the economy running in a reasonable range," next year.

China's leaders are battling to stabilise the economy, transforming it from one fuelled by exports and state investment to one that relies on domestic consumption.

Leaders will work to "enhance spending power, let the people eat with ease, dress satisfactorily, and use things comfortably," Xinhua said.

Policymakers indicated they would continue to push deleveraging and handle local government debt risks.

"We must do a good job in preventing and resolving major risks," the statement said.

## UAE to deposit \$3b in Pakistan central bank

AFP, Abu Dhabi

THE United Arab Emirates will deposit \$3 billion in the central bank of Pakistan to help "enhance liquidity" as the country struggles with a balance of payments crisis, state media said Friday.

The transfer of 11 billion dirhams by the government-owned Abu Dhabi Fund for Development (ADFD) is expected to be carried out in the "coming days", the WAM news agency said.

Quoting a statement from the ADFD, the state news agency said the amount is meant "to support the financial and monetary policy of the Islamic Republic of Pakistan". It will "enhance liquidity and monetary reserves of foreign currency" at the central bank, it added.

Pakistan is facing a widening balance of payments crisis. The rupee plunged almost five percent to a record low at the end of November, after what appeared to be a sixth devaluation by the central bank in the past year.

A team from the International

Monetary Fund in November visited Pakistan for talks with officials on a possible IMF bailout but the discussions ended without any agreement.

Pakistan -- a regular borrower from the IMF since the 1980s -- last received an IMF bailout in 2013 to the tune of \$6.6 billion.

It also secured \$6 billion in funding from Saudi Arabia and struck a 12-month deal for a cash lifeline during Pakistani Prime Minister Imran Khan's visit to the kingdom in October.

Khan thanked the UAE on Friday "for supporting Pakistan so generously in our testing times".

"This reflects our commitment and friendship that has remained steadfast over the years," he said on Twitter.

The UAE announcement came days after Pakistan attended reconciliation talks between the United States and Taliban officials from Afghanistan hosted by the wealthy Gulf state in Abu Dhabi.

Islamabad has also received billions of dollars in Chinese loans to finance ambitious infrastructure projects.

## Ford recalling 874,000 pickups in N America

REUTERS, Washington

FORD Motor Co said Friday it is recalling 874,000 pickup trucks in North America with engine block heaters for fire risks.

The second largest US automaker said the recall covers some 2015-2019 Ford F-150 trucks, along with the 2017-2019 Ford F-250 Super Duty, F-350 Super Duty, F-450 Super Duty, and F-550 Super Duty pick-up trucks.

Ford said water and contaminants may get into the block heater cable's splice connector, causing corrosion and damage and potentially a fire.

Ford told US regulators it is aware of reports of three fires in Canada linked to the issue, but unaware of any reports of



accidents or injuries.

The recall covers 410,000 vehicles in the United States and about 464,000 in Canada. Ford dealers will inspect and seal the block heater cable, or replace it if necessary. The recall will begin early next month.

## Malaysia seeks \$7.5b in reparations from Goldman Sachs

REUTERS, Kuala Lumpur

MALAYSIA is seeking \$7.5 billion in reparations from Goldman Sachs Group Inc over its dealings with scandal-linked state fund 1MDB, the Financial Times (FT) reported on Friday, citing the finance minister.

Separately, Bloomberg reported that Singapore had expanded its criminal investigation of 1MDB to include Goldman Sachs, in a sign of increasing scrutiny of the bank's role in the suspected multi-billion-dollar money laundering scheme.

Malaysian prosecutors this week filed charges against Goldman Sachs in connection with its role as underwriter and arranger of three bond sales that raised \$6.5 billion for 1Malaysia Development Berhad (1MDB), the first criminal action against the US bank over the scandal.

Goldman Sachs has consistently denied wrongdoing and said certain members of the former Malaysian government and 1MDB lied to the bank about the proceeds of the bond sales.

In addition to the bonds' total value, Goldman Sachs should also return \$1 billion to cover \$600 million in fees paid to the bank and bond coupons that were "higher than the market rate", the FT quoted Malaysian Finance Minister Lim Guan Eng as saying.

Lim also told the FT that reparations should at least be more than \$1.8 billion, the sum Goldman Sachs has told investors it had set aside to cover potential losses related to 1MDB legal proceedings.



REUTERS/FILE

A view of the Goldman Sachs stall on the floor of the New York Stock Exchange.

## Online clothing retailers hunt for better fit to cut costly returns

REUTERS, Berlin/Madrid

MODELS testing fashion brands like Adidas, Benetton and Gap are finding that almost a third of the shoes and clothes they try on are bigger or smaller than the size on the label indicates, explaining why many clothes bought online are sent back.

Calculating sizes more accurately could help online retailers like Germany's Zalando and Britain's ASOS cut costly returns and improve customer satisfaction.

"If you try on the same brand in a different color it is sometimes a different size," Zalando fitting model Savina Bellotto said as she squeezed a foot into a stiletto shoe with a shiny silver buckle that dug into her ankle.

Discounting to shift stock means fashion retailers are struggling to preserve profit margins, and ASOS's warning on Monday of a major downturn caused retail shares to tumble.

Targeting returns, fast fashion firms like Zara and H&M have introduced software that suggests sizes for online customers. Customers type in height and weight, which are processed alongside historic data on purchases and returns.

"It's a big burden for the retailer," said Nivindya Sharma, director of retail strategy at trend forecaster WGSN. "Free returns started off as being a competitive advantage but now they're the norm."

Around half of Americans expect to return clothes ordered online this holiday season due to poor fit, according to a survey by technology firm BodyBlock.

"Returns cost you a fortune. Firstly, you've got an unhappy customer, but also you've got the re-processing and putting it back into stock," said Charlotte Kula-Przewanski, a partner at Columbus Consulting, which specializes in retail processes.

To crack the sizing problem, Zalando, Europe's biggest online-only fashion retailer, told Reuters it was augmenting the data it gathers online with feedback from models who check new styles.

"If we can put an article on a fitting model, just before or as an article is online, we immediately know there is a fitting problem," said Zalando's director of engineering Stacia Carr, adding that models flag about 30 percent of stock as too big or too small.

Returns are a major issue for Zalando as about half the products it sells are sent back. A tradition of catalog shopping with free returns means customers in its German home market are comfortable sending back unwanted goods.

Problems with processing returns contributed to a third-quarter loss that prompted a sell-off in Zalando shares and sparked specula-



REUTERS/FILE

Models check out sizes of a t-shirt which goes on sale at the online shop of fashion retailer Zalando in Berlin, Germany.

tion it could be a takeover target for Chinese e-commerce giants like Alibaba or JD.com.

Zalando co-CEO Rubin Ritter said in November the problems with processing returns had been resolved and the company was taking steps to increase the profitability of smaller orders such as making size recommendations to reduce returns.

A change in fabric or design can have a big impact, Carr said, noting that size-related returns soared recently for one major denim brand after it adjusted its design. When Zalando flagged the issue, it changed back.

"In this era of turning around articles very quickly, the corners that get cut sometimes impact the fit of the garment," she said.

Zalando's small team of models initially tested shoes, but now they try on clothes too. Dresses, its top selling category, also have the highest rate of returns.

Models try on up to 120 shoes a day, measuring the inside with a special ruler and noting how each fits at heel, ankle and toes, while also looking for strong smells or quality issues.

"It is very subjective. That is why we get the average between three models," said model Gerard Nieto, as he measured a fleece-lined leather lace-up boot.

Cracking the sizing challenge is like solving the Rubik's cube because there are so many variables, Carr said.

"We know the Nordics like things more loose and oversized. The further south you go, it's a tighter fit, the bodies are different," she

said. "We've all been surprised that we've been able to put a dent in this because it is such a complex topic."

British lingerie retailer Figleaves, owned by fashion group N Brown, supplements artificial intelligence with a feature letting a buyer speak to a fitting assistant via Skype.

"Often it's the customer care person who is showing on her body how something should fit," said CEO Miriam Lahage. "What's most important is that you have two people looking face-to-face and making a human connection."

Customers like the feature and returns have dropped since its introduction around 15 months ago, she says.

A rise in returns is an inevitable part of the e-commerce boom, retailers say.

"There's a growing trend in return rates globally as the market matures," said Roger Graell, director of e-commerce at Spain's Mango, which expects to make at least one-fifth of sales online by 2020.

"What we hope to do with technology is make that growth rate slower."

Mango uses sizing tools powered by Berlin-based software firm Fit Analytics, which was launched eight years ago and works with more than 200 companies -- including ASOS, Tommy Hilfinger, Calvin Klein and Hugo Boss -- across 95 countries.

Fit Analytics has more than doubled revenue every year over the past three years, says CEO Sebastian Schulze.