



Office bearers of the Metropolitan Chamber of Commerce and Industry (MCCI), Dhaka headed by its president, Nihad Kabir, present a bouquet to Salman F Rahman, a former president of the chamber, at his office in Dhaka on Thursday to congratulate him on being made private industry and investment adviser to the prime minister.

# Job jitters mount as China's factories sputter ahead of Lunar New Year



Men are seen at a booth set up by local authorities to educate workers on Chinese labour law, near a Maersk container factory in China.

REUTERS, Dongguan/Hong Kong

Wang Zhishen was thrilled when Danish shipper A.P. Moller-Maersk gave him two months' paid leave, relishing the chance to spend time with his wife and daughters in China's remote northwestern Gansu province.

But his euphoria over what he thought was an unexpected bonus quickly turned to despair when Maersk fired Wang on January 3, less than a month after he packed his bags in the southern Chinese manufacturing center of Dongguan.

Wang said he was one of 2,000 workers laid off at the company's Dongguan transport container factory which has been idle since early December, as the impact of a trade war between Washington and Beijing ripples through industries from logistics to autos and technology.

"I was sure it was a holiday," said Wang, 35, who said he worked as a painter at Maersk for nearly six years until he was sacked two weeks ago via China's WeChat messaging service.

Maersk, the world's biggest container shipper, confirmed in an email to Reuters it had laid off 2,000 workers through "one-on-one" phone calls and WeChat messages. In November, the company warned the trade war between China and the United States would hit demand for container shipping as the volume of goods shipped slides.

Two subsidiaries of China's COSCO Shipping, in a direct response to the trade war, have reduced the number of vessels in Guangdong, causing a plunge in regional shipping freight turnover, according to Guangdong's statistics bureau.

"I heard most container factories started letting people go on leave early this year, so I felt it was normal for us to have a few more days off as well," said Wang, who earned a base salary of 3,900 yuan (\$574) per month.

Around the Lunar New Year holiday, this year scheduled for early February, millions of Chinese, including tens of thousands of migrant workers, travel back home for family reunions in what is

the world's largest annual human migration.

While many factories traditionally close ahead of China's most important holiday, Reuters interviews with more than a dozen workers, business owners, labor activists and trade lawyers revealed businesses are shutting earlier than usual this year as the prolonged trade war curtails orders.

A recent Reuters visit to three once-thriving towns in Dongguan in Guangdong province showed clear signs of a slowdown. Scores of shops and restaurants were shuttered, some factories idled and many up for rent.

Danny Lau, a Hong Kong factory owner in Dongguan, said some businesses had closed around 40 days ahead of Lunar New Year.

"Dongguan used to be bursting with factory workers but now with factories gone, people are gone as well," one taxi driver told Reuters.

"This complex used to be full of workers, eating and chatting when they got off work. Now look at this," he said, pointing to empty dark alleys in an open air dining place one recent weekday evening.

The slowdown comes as data on Monday showed China's exports unexpectedly fell the most in two years in December and imports also contracted, pointing to further weakness in the world's second-largest economy in 2019.

Policy sources told Reuters last week China plans to set a lower economic growth target of 6.5 percent this year compared with last year's target of "around" 6.5 percent.

A recent UBS China survey of 200 manufacturing companies with significant export business or supply to exporters revealed the trade war has had a negative impact on 63 percent of those businesses.

A quarter of those affected have cut jobs, 37 percent have moved production out of China in the past 12 months, while 33 percent plan to move in the next 6-12 months.

China's giant manufacturing sector was already under pressure from rising labor costs, tighter regulations and a shift towards higher-end production and domestic consumption. But the risk of more and higher US tariffs on Chinese goods has seen the trend rapidly accelerate as more companies look to move supply chains away from China.

## Japan consumer prices rose sluggish 0.9pc last year

AFP, Tokyo

Japanese consumer prices rose a sluggish 0.9 percent last year, according to government data published Friday, as the world's third-largest economy continues its years-long battle to stoke weak inflation.

The annual figure is far below the central bank's inflation target of two percent, and come as the Bank of Japan (BOJ) is reportedly preparing to revise down the country's inflation forecast next week.

The BOJ will lower its inflation forecast for the year to March 2020 to around one percent from the current

estimate of 1.4 percent in its quarterly report, reflecting falls in crude oil prices, local media have reported.

This would be the latest in a string of downward revisions. In October, the central bank also lowered its inflation forecasts, in the latest sign it had failed to make headway towards its two-percent target despite years of massive monetary easing.

Japan has battled sluggish inflation for many years and the central bank's ultra-loose monetary policy appears to have had limited impact.

Low inflation -- or even deflation where prices are falling -- is considered bad for the economy as consumers put

off purchases expecting cheaper goods in the future. This in turn stunts growth.

In an attempt to stoke inflation, the BOJ has implemented an ultra-low monetary policy and Governor Haruhiko Kuroda has repeatedly said he is not looking for an exit from this strategy, even as other central banks around the world begin raising rates.

For the monthly inflation data, prices in rose by 0.7 percent year-on-year, slightly lower than a 0.9-percent rise in prices in November.

With fresh food and energy stripped out, prices rose by even less -- just 0.3 percent year-on-year in December.

## Canada ended 2018 with 2pc inflation

AFP, Ottawa

Canadians paid 2.0 percent more for goods and services in December than a year earlier, the government statistical agency said Friday.

The figure closing out 2018 was slightly higher than economists had forecast, after a 1.7 percent average price hike the previous month.

Statistics Canada noted higher prices in December for airfares during the holiday season, travel tours, telephone services, restaurant meals, fresh vegetables, and passenger vehicle insurance.

Mortgage interest costs also rose in the month.

These bigger outlays, however, were partially offset by crude oil prices that continued to fall amid a global supply glut, pushing down gasoline prices.

## UK retail sales drop in December

AFP, London

British retail sales fell in December as consumers held onto their cash after snapping up discounted Christmas gifts the previous month, official data showed Friday.

Total sales slid 0.9 percent compared to November, the Office for National Statistics calculated, with all sectors except food and fuel in decline.

That was slightly worse than analysts' consensus forecast for a 0.8-percent drop.

Sales had rebounded 1.3 percent in November as shoppers brought forward Christmas spending to bag Black Friday bargains.

"Disappointment for retailers as sales volumes fell back markedly in December after November's spike," noted EY analyst Howard Archer.

"This pointed to Black Friday-related promotions primarily bringing retail purchases forward to November from December rather than lifting sales overall."

Recent data from the GfK institute showed that consumer confidence in Britain fell to its lowest level in five years in December, as the purchasing power of wages was eroded by Brexit-fuelled inflation.

"Consumers were clearly relatively cautious in their spending over the Christmas period, which ties in with the GfK consumer confidence index falling back in December to its lowest level since mid-2013 amid heightened concerns over the economy and Brexit," Archer noted.



FSIBL

Syed Waseque Md Ali, managing director of First Security Islami Bank Ltd (FSIBL), attends the bank's two-day annual business conference that ended at InterContinental Dhaka yesterday.



PRIME BANK

ANM Mahfuz, head of consumer banking of Prime Bank, and James P McDonald, general manager of InterContinental Dhaka, exchange documents after signing a deal at the bank's head office in Dhaka recently. The bank's Platinum, World Mastercard and Monarch Prestige cardholders will get two buffet lunches and dinners at the hotel for the price of one.

## Apple ordered to pull part of press release in Qualcomm case

REUTERS

Apple Inc has been ordered by a German court to stop using part of a press release claiming all iPhones would be available in the country through carriers and resellers, a copy of the ruling seen by Reuters showed.

The iPhone maker was banned from selling the iPhone 7 and 8 models in Germany in December following a patent dispute with Qualcomm Inc. Qualcomm on Thursday obtained the preliminary injunction stopping Apple from using a statement that it released to the press in response to the December ruling.

At the time, the iPhone maker said that it would no longer stock the iPhone 7 and 8 at its 15 retail outlets in Germany but those models would remain available to customers through more than 4,300 carriers and resellers across Germany.

"The press release ... is misleading as it contains statements that are at least potentially deceptive about the availability of the goods, namely the iPhones affected by the ruling," a three-judge panel wrote in



DHAKA BANK

Reshadur Rahman, chairman of Dhaka Bank, attends the bank's "Annual Managers' Conference 2019" at Le Meridien Dhaka yesterday. Syed Mahbubur Rahman, CEO, was present.

## Warm weather slows US industrial output

AFP, Washington

Unseasonably warm weather in December held down Americans' use of gas and electricity, weighing on US industrial production for the month, the Federal Reserve reported Friday.

But otherwise the industrial sector hummed along at the close of 2018, with manufacturing hitting a 10-month high while oil and gas drilling also rose.

Economists have warned that US manufacturing may have peaked but December's numbers, which are subject to revision, suggested a slowdown may not have begun yet.

The Fed's industrial production index rose 0.3 percent, a tenth of a point slower

than November but faster than the 0.2 percent economists had been expecting.

Manufacturing output jumped 1.1 percent, the biggest gain since February, driven higher by the key auto sector, which accelerated by 4.7 percent.

Mining activity -- mainly oil and gas drilling -- was up 1.5 percent, which helped offset the sharp 6.3 percent decline in utilities.

Production in 2018 rose four percent compared to the prior year, while manufacturing posted a 3.2 percent increase.

Industrial capacity in use rose to 78.7 percent last month, two tenths above the consensus forecast but still below the long-run average.

But the mining sector rose to 94.8 percent, well above the 87.0 percent average

Chandan Polekar, country manager at Godrej Household Product Bangladesh Pvt Ltd, and actress Sabila Nur launch "Godrej No. 1" soap at a programme at Amari Dhaka yesterday.

GODREJ

