

Meghna Group of Industries Chairman Mostafa Kamal shakes hands with Commerce Minister Tipu Munshi during reception of CIP status card at InterContinental Dhaka recently. The ministry and the Export Promotion Bureau organised the event.

MEGHNA GROUP OF INDUSTRIES



# China should drop 'developing economy' status: Australia PM

REUTERS

Global trade rules are "no longer fit for purpose" and must be changed to accommodate China's new status as a developed economy, Australian Prime Minister Scott Morrison said in a major foreign policy speech in the United States.

The global community had engaged with China to help it grow but now must demand the world's second-largest economy bring more transparency to its trade relationships and take a greater share of the responsibility for addressing climate change, Morrison said.

"The world's global institutions must adjust their settings for China,

in recognition of this new status," said Morrison in a speech to the Chicago Council on Global Affairs, referring to China as a "newly developed economy".

"That means more will be expected of course, as has always been the case for nations like the United States who've always had this standing," Morrison said in the speech, according to transcript provided to Reuters.

Global trade rules were "no longer fit for purpose" and in some cases were "designed for a completely different economy in another era, one that simply doesn't exist any more", he added.

Referring to China as a newly developed economy marks a change

from Beijing's self-declared status as a developing economy, which affords it concessions such as longer times to implement agreed commitments, according to the World Trade Organization (WTO).

It also puts Australia into line with a campaign led by U.S. President Donald Trump to remove China's developing nation status. In an April 7, 2018 tweet, Trump wrote that China was a "great economic power" but received "tremendous perks and advantages, especially over the U.S."

Morrison has previously urged China to reform its economy and end a trade war with the United States but has until now stopped short of taking a public position on its WTO status.

While two-way trade between Australia and China has grown since the countries signed a trade pact in 2015, increasing to a record A\$183 billion (\$127 billion) last year, the bilateral relationship has at times been strained.

In December 2017, former Australian prime minister Malcolm Turnbull accused China of meddling in its domestic affairs. The relationship was further soured by Canberras decision last year to effectively ban Chinese telecoms firm Huawei Technologies from its 5G broadband network rollout.

Morrison said Australia and the United States had different relationships with China, given Australia had a trade surplus with China while the United States had a trade deficit.

"The engagement with China has been enormously beneficial to our country," he said. "We want to see that continue."



US President Donald Trump and First Lady Melania Trump welcome Australian Prime Minister Scott Morrison and his wife, Jennifer Morrison, for a State Dinner at the North Portico of the White House in Washington, DC on September 20.

# French retailers widening crypto acceptance

AFP, Paris

French retailers are gradually widening acceptance of payments in crypto currencies, a group of companies said Tuesday on the sidelines of Paris Retail Week.

By early next year, consumers will be able to pay in crypto at more than 25,000 sales points at around 30 retailers including sportswear giant Decathlon, perfume outlet Sephora and furniture and home decor store Maisons Du Monde.

Retailers signing up to the scheme will use the Easy2Play payment platform and the EasyWallet application, in partnership with Global POS (point of sale)

technology with the system due to come on stream from the first quarter of next year.

"The usual functioning of the brands will not be affected as the exchange platforms will deal with the conversion of crypto currencies into euros," the statement read.

Crypto currencies, despite regulatory grey areas, have been gradually making inroads into commerce with bitcoin leading the way and social network Facebook is out to get in on the act with its Libra digital money slated for a 2020 rollout.

Global POS, a French platform founded in 2004, presents itself as "the leader of the dematerialisation

of payments, prepaid securities and digital payment." The platform says the payments system will afford retailers a chance to "enter, without risk, the universe of the 3.0 economy," interlinking science, business innovation and sustainability.

"If, to start off with, the service we are offering will only allow spending bitcoins, our objective is to open up our solution to other crypto currencies in the future," stated Global POS founder Stephane Djiane.

Often volatile bitcoin, which first hit dollar parity in 2011 and soared to the brink of \$20,000 per unit in December 2017 before a slump to around \$6,000, has spent most of this year around the \$10,000 mark.



Md Ahsan-uz Zaman, CEO of Midland Bank, and Md Apel Mahmud, CEO of Prime Islami Life Insurance Ltd, exchange documents after signing a deal in Dhaka on Monday for insurance coverage of the bank's products MDB Amar Bari and MDB Visa Gold Credit Card.

# Euro remains fragile before German data

REUTERS, London

The euro nursed losses below the \$1.10 line on Tuesday after weak eurozone survey data the day before raised concerns the economy was struggling to gain traction despite another dose of stimulus by the European Central Bank earlier this month.

But with net positions broadly bearish on the single currency, traders are wary of selling the euro aggressively before German IFO data that will provide more clues on how well Europe's economic powerhouse is coping with the economic slowdown.

"The hope of a stabilisation has been squashed for now and as a result fears of a recession are rising," Ulrich Leuchtmann, head of FX and commodity research at Commerzbank AG, said.

Against the dollar, the single currency drifted lower to \$1.09984 and not far away from a September low of \$1.0926 hit on Sept 3 IHS Markit's Euro Zone Composite Flash Purchasing Managers' Index (PMI), sank to 50.4 in September from 51.9 in August and was below all forecasts in a Reuters poll that had predicted a reading of 51.9.

Monday's downturn survey results come less than two weeks after the ECB pledged indefinite stimulus to revive the 19-country currency bloc's ailing economy.

# Apple will produce new Mac Pro computers in US

AFP, San Francisco

Apple said Monday it would keep making its Mac Pro in the United States, after obtaining tariff exemptions for some components in the high-end computers.

The California tech giant said it would keep production of the Mac Pro -- a computer costing some \$6,000 -- in Austin, Texas, following reports it was considering moving the manufacturing the China.

Apple said the decision came after the company obtained "a federal product exclusion" from tariffs "for certain necessary components" for the computers.

The news comes despite comments from President Donald Trump in July that he would oppose waiving tariffs on components for Apple's devices,

commenting in a tweet, "Make them in the USA, no Tariffs." Apple chief executive Tim Cook said in a statement Monday the company is "proud to be building (the new Mac Pro) in Austin" and added, "We thank the administration for their support enabling this opportunity." The company said it would begin production soon at the same Austin facility where Mac Pro has been made since 2013.

Apple said it was "on track to fulfill its commitment" to invest \$350 billion in the US economy by 2023 through its own manufacturing and from suppliers.

Trump has been moving to slap punitive tariffs on Chinese goods to press Beijing to accept more imports and improve protections for US intellectual property, although his administration has issued some waivers and delays.

# Prepare for a world with more tariffs

## Federal Reserve official says

AFP, Washington

Ignited by President Trump's conflict with China, the global economy is facing a future with higher tariffs and barriers to free trade than in the past eight decades, a Federal Reserve official said Monday.

As hopes for a rapid trade deal between the United States and China evaporated in August, St Louis Federal Reserve Bank President James Bullard drastically shifted his outlook and called for even more stimulus from the central bank.

After the Fed cut the benchmark interest rate in July for the first time in more than a decade, frictions with China reignited in August and it became clear "the trade war was going to linger for quite a while," Bullard told reporters. Beyond just threats, tariffs have been imposed and are likely to remain in place for a long period.

"I think we should prepare for a future with somewhat higher tariffs and non-tariff barriers than we have seen historically," Bullard said following a speech in Effingham, Illinois.

After dissenting from the Fed vote last week to again cut the lending rate by a

quarter point because he wanted a bigger move, Bullard said he still thinks a further reduction of 25 basis points is needed to help insure the economy against a downturn.

The deterioration of the trade dispute with Beijing "is a reversal of the trade liberalization consensus that existed in the United States for the last 75 years," and no other country is in a position to take on free trade leadership, he said.

The dispute has seen hundreds of billions in goods traded between the countries hit with steep tariffs. And Bullard said China appears likely to wait until the 2020 presidential elections, when Trump "might possibly be voted out." "I think the world is going to have to transition to this new reality that trade won't be as free as it was before the trade liberalization consensus broke down in the United States," he said.

The trade dispute already is having a chilling effect on investment worldwide, and he warned in his speech that the economy "faces downside risk that may cause the slowdown to be sharper than expected."



St Louis Federal Reserve Bank President James Bullard

# German downturn 'taking a breather' but recession still looms: Ifo

REUTERS, Berlin

German business morale rose in September for the first time in six months but Europe's largest economy is still likely slipping into recession as the U.S.-China trade conflict and Brexit bite, the Ifo economic institute said on Tuesday.

Ifo's business climate index rose to 94.6 from 94.3 in August, snapping a run of five consecutive falls. September's reading compared with a consensus forecast for 94.4.

"The downturn is taking a breather," Ifo President Clemens Fuest said in a statement. But he added: "In manufacturing, the business climate has only one direction: downward." Germany's export-reliant economy is suffering from slower global growth and business uncertainty caused by U.S. President Donald Trump's 'America First' trade policies and Britain's planned, but delayed, exit from the European Union.

Ifo's current conditions index rose to 98.5 from 97.4 in August but its expectations index fell to 90.8 from 91.3. Ifo economist Klaus Wohlrabe said the German economy is likely to shrink again in the third quarter.

That would put it in recession - usually defined as a period of at least two consecutive quarters of contraction - after it shrank by 0.1% in the second quarter.

"This is not the start of a change of trend," Wohlrabe said of Tuesday's firmer overall sentiment reading. "The slowdown is only taking a break," he told Reuters, adding that no signs of improvement were to be seen for German industry.

Economy Minister Peter Altmaier,

speaking immediately after the release of the Ifo data, said Germany's growth dynamics have deteriorated but insisted: "We are not in a recession." Much of the German economy's fortunes are tied up in factors beyond its control: mainly weaker global growth, developments in the U.S.-China trade conflict and the question of whether Britain can achieve an orderly exit from the European Union.

U.S. Treasury Secretary Steven Mnuchin said on Monday that he and U.S. Trade Representative Robert Lighthizer would meet with Chinese Vice Premier Liu He for trade talks in two weeks.

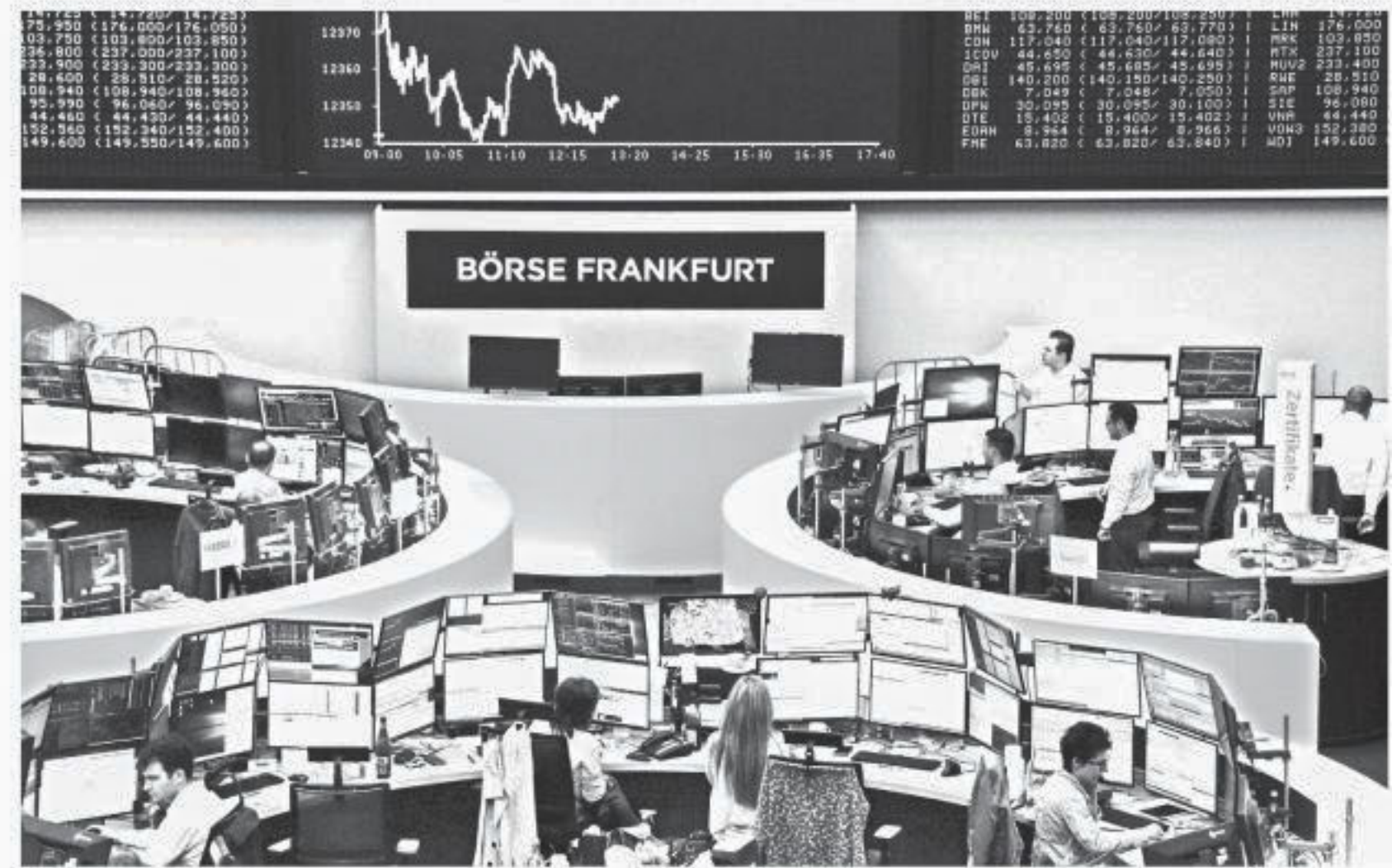
On Brexit, EU negotiator Michel Barnier struck a upbeat note on Tuesday, saying there was no reason to be optimistic that Britain and the

bloc will find a solution to the thorny question of the Irish "backstop".

ING economist Carsten Brzeski said the likelihood of a third quarter contraction in Germany was rising "almost by the day".

On Monday, a purchasing managers' survey showed that German private sector activity shrank for the first time in 6-1/2 years in September as a manufacturing recession deepened unexpectedly and growth in the service sector lost momentum.

Highlighting the weakness in the manufacturing sector, engineering lobby group VDMA also said on Monday production in Germany's engineering sector will decline by 2 percent both this year and in 2020. It cited trade conflicts and uncertainties linked to Britain's planned exit from the EU.



The German share price index DAX graph is pictured at the stock exchange in Frankfurt, Germany.