

# China says companies facing many difficulties due to trade frictions

Chinese companies are facing many difficulties due to trade frictions, Commerce Minister Zhong Shan said on Sunday.

The United States and China have been locked in an escalating trade war for over a year. They have levied punitive duties on hundreds of billions of dollars of each other's goods, roiling financial markets and threatening global growth.

"Trade faces unprecedented challenges," Zhong told a news conference in Beijing. "These challenges are both external and internal."

A new round of high-level talks between the world's two largest economies is expected in Washington on Oct. 10-11, led from the Chinese side by President Xi Jinping's top economic adviser, Vice Premier Liu He.

China will expand imports, and measures to stabilize trade will yield positive results, Zhong added, without giving details.

The Trump administration is considering radical new financial pressure tactics on Beijing, including the possibility of delisting Chinese companies from US stock exchanges.

Sources told Reuters on Friday that the move would be part of a broader effort to limit US investments into Chinese companies, in part because of growing security concerns about their activities.

The trade war has added to



Men work on a cargo ship at a port in Lianyungang, China.

tensions between China and the United States, whose ties are also strained over US criticism of human rights issues in China, including protests in Hong Kong, the disputed South China Sea and US support for Chinese-claimed Taiwan.

The Chinese government's top diplomat said on Friday that tariffs and trade disputes could plunge the world into recession and Beijing was committed to resolving them

in a "calm, rational and cooperative manner".

The trade war has taken its toll on the Chinese economy.

China's exports unexpectedly fell in August as shipments to the United States slowed sharply, pointing to further weakness in the world's second-largest economy and underlining a pressing need for more stimulus.

Beijing is widely expected to

announce more support measures in coming months to avert the risk of a sharper economic slowdown as the United States ratchets up trade pressure.

Despite a slew of growth measures since last year, China's economy has yet to stabilize. Analysts expect growth could cool further this quarter from a near 30-year low of 6.2 percent hit in April-June.

# Dubai developers race to lure buyers as downturn bites

AFP, Dubai

Dubai, a city defined by its glittering towers and man-made islands, is stuck in a five-year property downturn with no end in sight, drawing warnings of an industry reckoning that will see weaker players fail.

Property developers are slashing prices and offering ultra-easy financing to lure customers, while concerned authorities have stepped in with incentives and regulations to revive the crucial sector.

Ahead of the Expo 2020 global trade fair that Dubai hopes will deliver an economic windfall and some 300,000 new jobs, hundreds of mega projects have been unveiled in recent years, leading to an oversupply and a slide in prices.

The government rushed to rescue the sector in 2018 with a raft of measures including easy visa terms for expatriate buyers and permanent residence permits for big investors. This month, a top-level committee was established to rebalance the oversupplied market.

The Standard and Poor's ratings agency has said the industry, which makes up 7.2 percent of Dubai's economy, may not stabilise before 2021.

"Over a period of time, some correction will happen," exposing the strong and the weak in the industry, said P.N.C. Menon, chairman of Dubai-based multinational developer Sobha Group.

The process, which will leave only the strongest firms standing, is likely to last for another three or four years, Menon told AFP at an industry expo where his firm was showcasing its latest multi-billion-dollar project, an 8.0 million square feet beachfront development of luxurious apartments and high-end townhouses.

Like Sobha Group, dozens of local and international property firms taking part in this week's Cityscape Global event were offering unprecedented payment terms to drum up business.

Buyers are being asked to stump up as little as five percent of the value of the property, down from 25 percent in the boom times, and pay the rest over 10 years or more straight to the developer -- without the need for a bank mortgage.

In a sign of the desperation, developers are also offering to cover the costly 4.0 percent municipality registration fee.

Property ownership in Dubai, which boasts the most diversified economy in the oil-rich Gulf region, is completely open to foreigners -- both residents and visitors, and for investment or residential purposes.

But real estate deals in Dubai plunged 21.5 percent to \$60.7 billion last year, according to government data.

Property prices and rents have been on the decline since mid-2014, shedding around a third of their value.

"As far as downward trends go, this one has lasted far longer than most, and far longer than most of us expected," Lukman Hajje of research firm Property Finder said in a research paper.

"With the amount of property still being launched, under construction, and being handed over -- it's unlikely that we have seen the bottom of the market just yet." Dubai property prices dropped by 5.8 percent in the second quarter of 2019, falling for the 11th quarter in a row according to central bank data.

Despite the glut, last year some 22,000 new units were completed in the emirate, according to consultancy JLL, the highest number of new properties to enter the market in the past five years.

# Sales galore as Indian web giants woo reluctant festive shoppers

AFP, New Delhi

E-commerce giants Amazon and Walmart-backed Flipkart kicked off a crucial battle for shoppers on Sunday ahead of India's massive festive season as retailers search for a much-needed boost to sales amid a slowing economy.

October and November -- when much of India's 1.3 billion population celebrates several major Hindu

Traders Association, which represents some 40,000 wholesale traders in the capital New Delhi, told AFP.

Even aggressive pitches by Amazon and Flipkart, which have heavily invested in India's budding e-commerce market, did not stop online consumer spending from slipping by around 20 percent in the six months to June compared to last year, the Economic Times reported citing market research firm Kantar.

Amazon and Flipkart are taking on India's local family-run stores, known as "kirana" shops, that have dominated streets for decades.

Less than five percent of India's \$600 billion retail market is online, but the sector is expected to expand to 8-9 percent of the market by 2022 thanks to smartphone adoption and a rising middle class, according to RBC Capital Markets.

Amazon -- which recently opened a massive campus for 15,000 employees in the southern city of Hyderabad -- has taken out full-page newspaper ads to promote its "Big Indian Festival" sales and is offering discounts of up to 90 percent.

Flipkart has Indian mega-star cricket Virat Kohli as the face of their "Big Billion Days" sales campaign and has slashed prices on fashion items and home appliances.

The two platforms -- which have almost 75 percent market share of the e-commerce market -- hope to attract cash-strapped shoppers with financing options, and have hired hundreds of thousands of temporary staff to cope with expected increased demand.

Their six-day festive sales are estimated to reach \$3.8 billion, up from \$2.9 billion last year, despite the wider economic slowdown, Forrester Research senior forecast analyst Satish Meena said. Bricks-and-mortar retailers are also ramping up their visibility to keep pace with the online behemoths.

"These are difficult times and consumer sentiment has been tilted towards the negative for some time now," J. Suresh, the managing director of Arvind Lifestyle Brands, told the Economic Times about why the 1,300-store owner was increasing ad spending by up to 20 percent this year.



The logo of Flipkart is seen on the company's office in Bengaluru, India.

festivals and consumers traditionally go on spending sprees -- are critical for retailers, with some raking in almost half of their annual sales during the period.

But sales this year have been hit by falling consumer demand as a liquidity crunch crimps personal loans and unemployment soars to its highest level since the 1970s.

"Things are difficult," Rakesh Kumar Yadav of the Federation of Sadar Bazar

"The festival season is around the corner... and a lot of these corporates are coming up with various schemes to prop up demand and woo the consumers," India Ratings principal economist Sunil Sinha told AFP.

"But my own sense is that despite all the efforts, overall consumer sentiment is so down-and-out that we won't see similar kinds of spending that we have seen in the past." - Sales wars - With their deep pockets,



TR Ramachandran, group country manager for India and South Asia at Visa, and Md Sabbir Hossain, deputy managing director of Brac Bank, pose at an event titled "Visa: Reimagine Digital Payments" in Dhaka recently when the bank received Visa's "Excellence in Credit Cards Business" and "Excellence in Point of Sale Acquiring Business" awards.

# Remittance to soar if youths trained on new tech: ADB

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The ADB organised the two-day event with a view to introducing the blockchain technology in Bangladesh, inspiring dialogues among stakeholders and identifying areas where the technology can be used to unleash the growth potential of the country.

Finance Minister AHM Mustafa Kamal inaugurated the event at the Bangabandhu International Conference Centre in Dhaka.

"Bangladesh will achieve double-digit growth within the next five years," he said.

After the completion of the Padma bridge the country will see 1 percent economic growth (GDP) while the other under-construction mega structures will generate the rest of the expected growth.

"We have been achieving 8 percent

growth for the last few years, which is the highest in the world, and technology adoption will also lead us."

Bangladesh is now the world's 30th largest economy and it will become the 26th largest by 2030. By 2041 Bangladesh will reach the top 20.

"We are adopting technology rapidly and already we introduced it in our curriculum," he added.

Experts from Australia, India, Sweden and the US attended the event along with policy makers, senior officials, private sector leaders and technology experts from Bangladesh.

The international conference aims to unleash the potential of blockchain applications. It also provides a venue to conduct dialogue with the government, private sectors and academia.

The ICT industry, educated youths, the private sector and the government

can benefit from the early adoption of home-grown blockchain solutions to resolve problems, create new startups and jobs, attract investment and develop world-class business environment, experts said.

Traditional banking jobs may disappear, bankers will become advisers, stockbrokers will no longer earn commission, and people will directly transact, so in this system blockchain will create an impact.

Investing early in these technologies will help countries reap full benefits and develop a modern society, they added. Experts also warned the authorities about some risks as well with its massive opportunities.

Tawfiq-e-Elahi Chowdhury, prime minister's power, energy and mineral resources affairs adviser, and Farida Nasreen, acting secretary of the Economic Relations Division, also spoke.

# Yarn consumption doubles in six years

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The consumption trend of yarn has also changed during this period, especially over the last two years, as imports are increasing for availability of cheaper yarn in India and China, said BTMA's Ahmed.

"Previously, the import of yarn was not so high." Subsequently, spinners have lowered their production capacity to 77 percent from 90 percent over the last six months. Currently, the yarn consumption trend in Bangladesh is a 50-50 mix of imports and local ones.

"So the country's main export earner is depending more on imported raw materials, which is a worry for us. If the situation continues, we will be in trouble," Ahmed said.

Lower production of yarn by local spinners means cotton consumption by Bangladesh also declined. Last fiscal year, Bangladesh imported nearly 7.7 million bales of cotton, which was 8.2 million bales in fiscal 2017-18.

A Matin Chowdhury, managing director of Malek Spinning Mills, a leading spinner, mentioned three specific reasons for the losing competitiveness by local spinners to the cheap imported yarn.

They are: 50 percent hike in the gas price, 2 percent devaluation of local currency against the greenback and wage hike in the garment sector that put the manufacturers in a tight spot.

"Our stockpiling of yarn is increasing every day," Chowdhury told The Daily Star by phone.

The highest consumer of yarn is the knitwear sector in Bangladesh as the local 450 spinners can supply more than 80 percent of the raw materials needed by the manufacturers and exporters.

The local knitwear sector consumes more than 16 lakh tonnes of yarn in a year, the spinners said.



M Khorshed Anwar, head of retail and SME banking of Eastern Bank Ltd (EBL), and Zoheb Ahmed, assistant general manager for marketing at Apex Footwear, pose at a deal signing ceremony at the bank's head office in Dhaka recently. The bank's customers can use their Visa, Mastercard, Diners Club International, Discover and UnionPay International cards at Apex.

# SME contribution still negligible: study

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It also called for a separate bank to facilitate lending to SMEs. If not, one of the state-owned banks can be converted into an SME bank. India, Malaysia and some other countries have set up dedicated banks to cater for the needs of the SMEs.

Bangladesh needs to develop SMEs as a lot of Japanese investments are coming here and opportunities are being created, said Yuji Ando, president of JBCCI and country representative of Japan External Trade Organisation.

For instance, Honda has opened a manufacturing unit here. This company needs a lot of small parts that the local small and medium companies can produce.

Similarly, Bangladesh has the opportunity to grow SMEs in areas like food processing, services and consumer goods to serve the Japan markets and Japanese companies in Bangladesh.

# Citi honours micro-entrepreneurs

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"So, bring technology from abroad for them so that they can go up to the next level," she said.

The event awarded three micro-entrepreneurs each in four categories and three microfinance institutions, presenting Tk 1 lakh to Tk 4.5 lakh to each.

The three institutions are National Development Program, Gram Bikash Kendra and the Coastal Association for Social Transformation Trust.

Humaira Islam, executive director of Shakti Foundation, and N Rajashekar, managing director and country officer of Citi Bangladesh, also spoke at the event. Channel i and The Daily Star were the event's media partners.