



Brac Bank CEO Selim RF Hussain opens its service outlet at the Member Service Department of Jamuna Future Park's Wholesale Club in Dhaka last week.

Fallout from Trump's trade wars felt by economies around the world

REUTERS, Washington

The collateral damage of the United States' trade wars is being felt from the fjords of Iceland to the auto factories of Japan.

Central bank governors and finance ministers traded grim tales of suffering economies at the International Monetary Fund and World Bank fall meetings in Washington this week. Some also noted how far US policy had shifted from the 1940s, when Washington co-founded the IMF.

At that time, "the world economy had

with many of Washington's top trading partners.

The fallout will slow global growth in 2019 to 3.0 percent, the slowest pace in a decade, the IMF estimated this week.

This pain is not being shared equally. The United States remains the least exposed of the world's 20 largest economies to a drop in exports in part because of its massive domestic consumer spending base.

The damage is being particularly felt in European countries which "rely on exports and are open to trade," the European Union's Economic and Financial Affairs

that don't rely on exports too, such as Iceland, which became the first developed economy to seek aid from the IMF after a 2008 banking collapse. Since then, it has rebuilt its economy in what's been called a miraculous recovery. Now, that is threatened.

"We have become dependent on tourism," explained Ásgeir Jónsson, the governor of Iceland's central bank, with annual visitors growing five-fold to 2.5 million since the crisis. Foreign arrivals, however, have plummeted since the trade wars started, and are down 15.6 percent

that's affecting factory output."

The United States hasn't been immune from the impact of the trade wars. American farmers have been particularly hurt by Chinese tariffs on US agricultural products, prompting the Trump administration to give billions in aid to the farm belt.

Washington's imposition of steel and aluminum tariffs and uncertainty about passage of a new North American free trade deal - the United States-Mexico-Canada Agreement - have also stalled local economic development.

Christopher Cabaldon, the mayor of West Sacramento, California, said bids for a \$100 million infrastructure project in the city came in 80 percent higher than expected in part because of construction firms' need to factor in higher costs and the risk of additional tariffs in the future.

"Even in small cities like my own, we see the impacts of trade. We have come to realize the deep integration of our local economies in the global system," Cabaldon told Reuters ahead of the IMF and World Bank meetings.

"Most of my economic development plans ... are playing out on a global stage, not down the freeway."

The trade tensions are helping to spur a push among African nations to create a more self-reliant continent. "We must take it upon ourselves to grow trade among ourselves," said Ukur Yatani Kanacho, Kenya's acting cabinet secretary for treasury.

Abdoulaye Daouda Diallo, the finance minister of Senegal, told reporters the US-China trade tensions would affect African nations in the energy sector and cut funds available on financial markets. The dispute underscored the importance of the African Continental Free Trade Agreement, he said.

Other emerging markets are also coming under pressure.

"Ukrainian exporters faced worsened conditions in global commodity markets," which drove down steel prices, said Kateryna Rozhkova, the deputy governor of the country's central bank.

Making matters worse, "the intensification of geopolitical conflicts led to rising oil and natural gas prices in the world," she said.

Bahrain's Finance Minister Sheikh Salman bin Khalifa Al Khalifa said the Gulf region was also affected by trade tensions and the resulting slowdown in investment, although geopolitical concerns - about Iran, for example - were another major factor. "Trade tensions create uncertainty and nobody is insulated from uncertainty," he told Reuters.

Peru cut its 2019 economic growth estimate to 3 percent in August, from 4.2 percent, citing trade factors. Mexico is edging closer to a recession that its officials say might be more difficult to reverse than during the last downturn more than a decade ago.



Newly manufactured cars of the automobile maker Honda await export at port in Yokohama, south of Tokyo.

been hammered for over a decade by high tariff barriers, depression and war," prompting then-US Treasury Secretary Henry Morgenthau to champion a global economic system, World Bank President David Malpass told attendees at a session this week.

The US message then, Malpass said, was: "First, there's no limit to prosperity. Second, broadly shared prosperity benefits everyone." As the IMF's gathering of 189 member-nations drew to a close, the unintended negative impacts of the trade wars were becoming clear, IMF Managing Director Kristalina Georgieva said. "Everybody loses."

The United States, the world's largest importer, started a bitter tariff war with China, the world's largest exporter, 15 months ago. US President Donald Trump is also in the midst of renegotiating, and sometimes upending, trade relationships

Commissioner Pierre Moscovici said.

More than 40 percent of Germany's GDP was derived from exports in 2018, the most of any major global economy. Uncertainty in the business community is widespread, German Finance Minister Olaf Scholz told reporters. German trade group BGA recently revised down its growth forecast for German exports in 2019 to just 0.5 percent, from 1.5 percent. As a result, many companies are scaling back their investment plans, something that will have repercussions for years to come.

Scholz said concerns over Britain's impending departure from the EU and the bloc's trade dispute with the United States were clearly dampening global economic growth. "The most important problem remains those factors that we cannot measure - specifically the reluctance to invest," Scholz said.

The pain is being felt in countries

this summer from the year before.

Iceland, with a population of about 300,000, built foreign currency reserves on the back of the increase in visitors, he said, but those are dropping too.

Trade links between countries have led to a more peaceful world in recent decades, but recent experience shows "you can never take global trade for granted," Jónsson said.

On Friday, Japan's Cabinet Office, which helps coordinate government policy, downgraded its assessment of factory output in October.

The softness in production was largely due to car exports to the United States turning weaker, after growing steadily until the spring, a government official said at a briefing.

"The pick-up in global growth is being delayed," Bank of Japan Governor Haruhiko Kuroda said. "Japan's economy is seeing exports weaken significantly and

German airports hit by Eurowings, Germanwings walkouts

AFP, Frankfurt

Cabin crew at four Lufthansa subsidiary airlines staged a day-long strike Sunday, causing dozens of cancellations at German airports in a battle for better pay and conditions.

The walkout, called by the UFO cabin crew union, was initially set to last from 5:00 am until 11:00 am (0300-0900 GMT) but a worsening spat with Lufthansa bosses prompted the union to extend the strike until midnight.

The industrial action at Eurowings, Germanwings, SunExpress and CityLine led to at least 12 departures being scrapped at Hamburg airport, around 10 in Munich and around 15 at Berlin-Tegel, according to DPA news agency.



Passengers queue at the service desk of airline Eurowings at the airport in Duesseldorf during a strike of the cabin crews of four Lufthansa subsidiary airlines on October 20.

did Duesseldorf and Cologne-Bonn. In a statement, UFO said it had ramped up the strike after the Lufthansa group told employees the walkouts were "illegal" and "endanger your jobs." "This is not only wrong, it also signals the next level in the threats against cabin

crew colleagues," UFO said. "This behaviour must be stopped."

The union had previously called off plans for Lufthansa workers to join Sunday's warning strike after the company unexpectedly offered a two-percent pay hike to flight attendants at the flagship airline.

But other demands for better conditions are yet to be met and UFO has not ruled out further action, with fresh talks at all five airlines scheduled for Monday. Bosses at the Lufthansa group believe UFO may no longer have the legal right to speak for workers and have challenged its status in court.

Internal disputes at the union have cost it members and support among cabin crew, some of whom have now turned to other representative organisations.



Nihad Kabir, president of the Metropolitan Chamber of Commerce and Industry, Dhaka; Muzaffar U Siddique, chairman of the BGMEA University of Fashion and Technology's board of trustees, and Hazera Nazrul, chairperson of Ace Autos, launch a "Haval Nationwide Service Campaign" in Dhaka recently. Ace Autos is an exclusive distributor of Haval-Great Wall Motors.

Trade tensions risk to global economy: China's central banker

REUTERS, Washington

China's top central banker said on Saturday that potential escalation of trade tensions and policy uncertainty were the major risk factors facing the world economy, and market forces were keeping China's yuan at an appropriate level.

Yi Gang, the governor of the People's Bank of China, said in a statement to the International Monetary Fund's steering committee that Beijing is "deeply disappointed" in the IMF's failure to realign its shareholding structure to recognize the rising influence of China and other fast-growing economies.

Yi pushed back against the US Treasury's Aug. 5 designation of China as a currency manipulator after China's yuan fell below the psychologically important

level of 7 to the dollar.

His statement said that the depreciation in the yuan since the beginning of August has been driven by market forces, including volatility prompted by escalating trade tensions. Yi added that there was "growing market acceptance for two-way exchange rate fluctuations" in the yuan, also known as the renminbi or RMB.

"Judging both from economic fundamentals and from market supply and demand, the RMB exchange rate is at an appropriate level," Yi said.

In a dig at the Trump administration's "America First" trade stance, Yi said: "the wave of populism and protectionism in some countries has undermined mutual trust, reducing their willingness to cooperate on a multilateral basis."

Long-haul, fuel efficient jets underpin demand at Las Vegas air show

REUTERS, Las Vegas

New large corporate planes that can fly farther and an industry push toward sustainable aviation fuels are seen as bright spots as the world's biggest business jet makers assemble in Las Vegas to showcase their offerings at the sector's largest gathering.

The National Business Aviation Association (NBAA) annual corporate aircraft show kicks off on Tuesday against a backdrop of slowing global economic growth, trade tensions between the United States and China and Brexit uncertainties, factors seen softening demand for corporate jets in the next two years, industry executives and analysts say.

Nevertheless, the jet makers have had a good year, with deliveries up almost 13 percent during the first half of 2019, according to data from the General Aviation Manufacturers Association (GAMA). Deliveries are being fueled by luxurious new longer-range models hitting the market that offer amenities such as beds and hot showers at 40,000 feet, analysts say.



An employee polishes the sign of Bombardier's Global 7500, a business jet, during a media tour in Canada.

General Dynamics' Gulfstream, Bombardier, Textron's Cessna, Dassault Aviation and Embraer SA saw their order backlogs grow 7 percent in 2019, the first rise since the 2008 financial crisis, said aviation analyst Rolland Vincent.

An NBAA highlight this year could be the widely-expected launch of a new long-range jet by Gulfstream, which declined comment.

Buyers eager to make non-stop trips between far-flung cities like New York and Tokyo are looking for long-range jets. Others are also prioritizing fuel efficiency, and encouraging the use of sustainable fuels and carbon-offsets at a time when the aviation industry faces "flight shame" protests by climate change activists.

Jetmakers will fly their aircraft into Las Vegas using a blend of biofuels, although industry usage of alternatives to kerosene remains limited.

In an industry where sales are usually aligned with economic stability and growth, analysts remain cautious given political uncertainty in Europe with Brexit, and in the United States where President Donald Trump faces an impeachment probe.

"New deliveries will ramp up (this year) due to a number of new products being introduced, only to begin a cyclical decline as world economic weakness further manifests itself," said aviation analyst Brian Foley.

US economic growth is slowing in 2019, with economists forecasting growth this year of around 2.5 percent, below the Trump administration's 3 percent target.

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AFP, Frankfurt

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