IMF-WORLD BANK MEETINGS

Supply chains, inflation cloud vaccine, debt woes

REUTERS, *Washington*

Supply chain woes and growing inflation concerns pushed aside a widening gap in Covid-19 vaccinations and mounting debt problems for developing countries as the top concerns for global policymakers at International Monetary Fund and World Bank annual meetings this week.

Relatively little new progress was made on increasing vaccine supplies to developing countries, although officials highlighted an increasing divergence between rich and poor countries as a growing financial and economic risk.

The focus on the normalization pains that wealthier economies are experiencing and a World Bank data-rigging scandal that had clouded the future of IMF Managing Director Kristalina Georgieva proved a disappointment for anti-poverty groups.

"Given how the pandemic is becoming worse in most of the world's countries, I'm concerned by the lack of action at the meetings on vaccine distribution, debt relief and general pandemic response," said Eric LeCompte, executive director of the Jubilee USA Network, a religious development group.

Communiques issued by G20 finance leaders and the IMF's steering committee pledged to increase vaccine supplies, but did not identify specific new goals or initiatives to expand financing or distribution.

Instead, they gave greater prominence to growing inflation pressures, calling on central banks to monitor closely whether they are transitory or could unanchor inflation expectations.

World Health Organization chief Tedros Adhananom Ghebreyesus told an IMF forum that the world is falling behind on goals to immunize 40 per cent of the world's population by the end of this year, and criticized wealthy countries for approving third booster shots when much of the world's population has yet to receive a single vaccine dose.

"The donations are not enough. It's very disappointing that it's taking so long for the world to really commit" to reaching vaccination goals, he said.

The IMF said a "great vaccine divide" was keeping developing countries mired in low growth as they struggle with high coronavirus infection rates.

This, along with supply chain bottlenecks, semiconductor shortages and rising price pressures in advanced economies, prompted the IMF to trim its global growth forecast for 2021.

Some policymakers were more focused on managing the next phases of economic recovery after unprecedented fiscal support, and other multilateral issues, such as implementing a deal to revamp global corporate taxation.

"My feeling about all the meetings we had in Washington, and during these IMF meetings, is that we are beyond Covid," French Finance Minister Bruno Le Maire told reporters.

"Even if we have to monitor the situation, even if there remains some decisions to be taken on vaccination, especially for the poorest countries, now we are beyond Covid," Le Maire said.

He added, however that France was advocating for increased financial support for developing economies, including diverting at least $100 billion in new IMF monetary reserves to poor countries after a $650 billion distribution in August.

But advocacy groups were disappointed with a lack of progress on debt relief for the poorest countries, especially since payments on official bilateral debts will resume for 46 countries in January when the G20 Debt Service Suspension Initiative expires.

Jean Saldanha, director of debt and development watchdog group Eurodad, said the G20 and IMF steering committees' statements on debt were "shameful" for not going beyond encouraging wider participation in the G20 Common Framework on Debt restructuring.

"Maintaining an almost blind faith that the Common Framework will be enough to tackle debt distress in an increasing number of countries in the global South is irresponsible to say the least," Saldanha said.

REUTERS

The sun sets behind container cranes at the Port of Los Angeles in California on October 14.

Wall Street banks set to profit again when Fed withdraws stimulus

REUTERS, *New York*

Wall Street banks have been among the biggest beneficiaries of the pandemic-era trading boom, fueled by the Federal Reserve's massive injection of cash into financial markets.

With the central bank nearing the time when it will start winding down its asset purchases, banks are set to profit again as increased volatility encourages clients to buy and sell more stocks and bonds, analysts, investors and executives say.

The Fed has been buying up government-backed bonds since March 2020, adding $4 trillion to its balance sheet, as part of an emergency response to the Covid-19 pandemic.

The strategy was designed to stabilize financial markets and ensure companies and other borrowers had sufficient access to capital.

It succeeded but also resulted in unprecedented levels of liquidity, helping equity and bond traders enjoy their most profitable period since the 2007-09 financial crisis.

The top five Wall Street investment banks - JP Morgan Chase & Co, Goldman Sachs, Bank of America, Morgan Stanley and Citigroup - made an additional $51 billion in trading revenues last year and in the first three quarters of 2021, compared with the comparative quarters in the year prior to Covid, according to company earnings statements.

The trading bonanza, along with a boom in global deal-making, has helped bank stocks outperform the broader market. The KBW Bank index has risen by 40 per cent in the year-to-date compared with a 19 per cent advance in the S&P 500.

Now, banks with large trading businesses are expected to profit a second time as the Fed starts to withdraw the stimulus, prompting investors to rejig their portfolios again.

"As investors look to position based on that volatility, that creates an opportunity for us to make markets for them. And obviously that would lend itself to improved performance," Citigroup Chief Financial Officer Mark Mason told reporters this week.

Fed Chair Jerome Powell signaled in late September that tapering was imminent.

Boeing workers stage protest over US vaccine mandate

REUTERS, *Everett, Wash*

Waving signs like "coercion is not consent," and "stop the mandate," some 200 Boeing Company employees and others staged a protest on Friday over the planemaker's Covid-19 vaccine requirement for US workers.

Boeing said on Tuesday it will require its 125,000 US employees to be vaccinated by December 8 under an executive order issued by President Joe Biden for federal contractors.

Biden and his team have struggled to vanquish the coronavirus pandemic because a large swath of the US population continues to resist taking safe and widely available vaccines.

"It's my choice and it's my body," one avionics engineer said, his voice nearly drowned out by anti-Biden chants and trucks honking to show support along the busy street outside Boeing's factory in Everett, north of Seattle.

"It's an experimental drug given under a pseudo-emergency," he added.

Another worker, an assembly mechanic, said: "This is America. We don't just do what we're told because one person says to."

A Boeing spokesperson did not immediately respond to a request for comment.

Earlier this week, Boeing said employees must either show proof of vaccination or have an approved reasonable accommodation based on a disability or sincerely held religious belief by December 8.

Major US airlines including American Airlines have said they will also meet the deadline imposed on federal contractors, as has aircraft parts manufacturer Spirit AeroSystems SPRN.

"Now that he has issued the Executive Order, it is our responsibility to comply with that order," Spirit Chief Executive Officer Tom Gentile wrote in a memo to employees and seen by Reuters on Friday.

Spirit was calling back former employees as it prepares for what Gentile characterized as "one of the fastest increases in production rates in the history of our industry."

Several Boeing employees at the protest said they were applying for exemptions. One engineer said he might seek early retirement, rather than complying with the mandate.

China coal prices hit record highs

REUTERS, *Beijing*

China's energy crisis deepened on Friday as cold weather swept into much of the country and power plants scrambled to stock up on coal, sending prices of the fuel to record highs.

Electricity demand to heat homes and offices is expected to soar this week as strong cold winds move down from northern China. Forecasters predict average temperatures in some central and eastern regions could fall by as much as 16 degrees Celsius in the next 2-3 days.

Shortages of coal, high fuel prices and booming post-pandemic industrial demand have sparked widespread power shortages in the world's second-largest economy. Rationing has already been in place in at least 17 of mainland China's more than 30 regions since September, forcing some factories to suspend production and disrupting supply chains.

The most-active January Zhengzhou thermal coal futures hit a record high of 1,669.40 yuan ($259.42) per tonne early on Friday. The contract has risen more than 200 per cent year to date.

The three northeastern provinces of Jilin, Heilongjiang and Liaoning - among the worst hit by the power shortages last month - and several regions in northern China including Inner Mongolia and Gansu have started winter heating, which is mainly fuelled by coal, to cope with the colder-than-normal weather.

Beijing has taken a slew of measures to contain coal price rises including raising domestic coal output and cutting power to power-hungry industries and some factories during periods of peak demand. It has repeatedly assured users that energy supplies will be secured for the winter heating season.

But power shortages are expected to continue into early next year, with analysts and traders forecasting a 12 per cent drop in industrial power consumption in the fourth quarter as coal supplies fall short and local governments give priority to residential users.

Earlier this week, China in its boldest step in a decades-long power sector reform said it would allow coal-fired power prices to fluctuate by up to 20 per cent from base levels from October 15, enabling power plants to pass on more of the high costs of generation to commercial and industrial end-users.

Fishermen sail a boat past a power plant of the State Development and Investment Corporation outside Tianjin, China on October 14. REUTERS

UK toy firms battle to prevent nightmare before Christmas

AFP, *Amersham*

At a warehouse northwest of London, dozens of workers sort boxes of Christmas toys, scanning barcodes and moving them on forklift trucks.

The depot for The Entertainer chain of toy shops is getting busier as the festive season approaches, running three shifts of 50 workers every day.

But as Christmas nears, the company's chairman, Gary Grant, is concerned about meeting sustained demand as the UK grapples with a supply chain crisis. "Our challenge is now releasing containers from the port, we're struggling with lorry drivers," he told AFP.

"We need more warehouse workers," he added, shouting instructions to a foreman in the depot, one of the company's two, that ship to their 172 shops across the country.

Caught between post-Brexit labour shortages and rising costs for raw materials and transport, the British toy retail industry is facing a potential nightmare before Christmas.

The Entertainer, which with its online business claims a 10 per cent share of the UK toy market, makes half its turnover between the beginning of October and December.

It usually hires temporary staff before the annual rush to receive, handle and dispatch lorries full of Lego sets, Barbie dolls and other popular toys in the busy period.

In November and December, up to 150 people can be working at any one time in the Amersham facility 24 miles (38 kilometres) from the capital.

But 2021 has caused a real headache, Grant explained, with many temporary workers, many of them from eastern Europe, now missing because of tighter post-Brexit immigration rules.

A shortage of lorry drivers across the UK is also a serious problem when thousands of items have to be transported from ports to warehouses, then on to the high street.

Britain is short of some 100,000 lorry drivers, which has caused delivery problems across various sectors for weeks, leading to delays and empty shelves.

At the same time, fears about the supply of fuel because of a lack of tanker drivers caused panic-buying, long queues at filling stations, as well as frustration and anger.

To compound problems, Britain's largest port, Felixstowe, has been battling a backlog, with container ships full of Christmas goods being diverted to the European mainland.

Britain's full departure from the European Union in January has piled extra administrative hassles and costs onto companies like The Entertainer, which also has 34 stores in Spain.

"When we export to Europe to our stores (there) we have to pay more duties," said Grant, who began in business in the 1970s selling skateboards in Amersham, his hometown.

Imports also mean more paperwork and cost, now that Britain has left the European single market and customs union. "Leaving Europe has had quite a large impact on efficiency and large impact on cost," he added.

Brexit woes are far from the only thorn in the side of the executive as he deals with the snarl-up in the supply chain and the resulting costs.

"The freight costs from the Far East, from China to the UK, have gone up 10 times more," he said. The price of essential materials like metal, wood, plastic and electrical components have "absolutely rocketed in the last three months", he added.

That, inevitably, means Santa will have to pick up the bill. Grant expects that with inflationary costs, the price of toys from Asia will rise by between 10 per cent and 15 per cent over the coming year.

The British government has blamed global container and lorry driver shortages, as well as coronavirus travel restrictions, which meant many foreign workers were unable to return.

It has been at pains to reassure consumers, even as the turkey and pig industry also warn of a shortage of festive food because of a lack of staff, including butchers and abattoir workers.

Christmas tree sellers have similarly said the price of traditional firs could rise because of greater import costs and the price of raw materials.

A Hamleys toy store in London is well stocked, but UK retailers say it is becoming more difficult to ensure adequate supplies. AFP/FILE