

US economy shows strength heading into Covid-19 winter wave

REUTERS, Washington

The number of Americans filing new claims for unemployment benefits held below pre-pandemic levels last week as the labor market tightens, while consumer spending increased solidly, putting the economy on track for a strong finish to 2021.

The economy's stamina demonstrated in Thursday's data, which also showed new home sales racing to a seven-month high and manufacturing still buoyant in November, came as the nation was battling a resurgence in Covid-19 infections, driven by the Delta strain and the highly transmissible Omicron variant.

That could hurt economic activity in the first quarter.

"The economy was running on all cylinders in the fourth quarter," said Diane Swonk, chief economist at Grant Thornton in Chicago.

"The bad news is that much of the weakness associated with the spread of the Omicron variant is still ahead of us. Some of the weakness could show up in data for December, but the bulk of the weakness will show up as canceled events, travel and less spending on services in January."

Initial claims for state unemployment benefits were unchanged at a seasonally adjusted 205,000 for the week ended December 18, the Labor Department said.

Early this month, claims dropped to 188,000, the lowest level since 1969.

Last week's claims were in line with economists' expectations.

Claims have declined from a record high of 6.149 million in early April of 2020.

Applications typically increase during the cold weather months, but an acute shortage of workers has disrupted that



Goods are delivered to a store in the financial district of Manhattan in New York City on October 28.

AFP/FILE

seasonal pattern, resulting in lower seasonally adjusted claims numbers in recent weeks.

"Looking past that noise, however, we expect claims to remain around 200,000 as layoffs remain low amid tight labor market conditions," said Nancy Vanden Houten, lead US economist at Oxford Economics in New York.

"The spread of the Omicron variant may lend an upside risk to that forecast, but for now, it appears as though businesses are striving to remain open."

The claims data covered the period

during which the government surveyed businesses for the nonfarm payrolls portion of December's employment report.

Claims dropped between the November and December survey periods, suggesting a pickup in job growth this month.

Labour shortages, however, remain a challenge. There are hopeful signs that unemployed Americans are starting to rejoin the workforce, but soaring coronavirus infections could be an obstacle.

The number of people continuing to receive benefits after an initial week of aid fell 8,000 to 1.859 million in the week

ended December 11.

That was the lowest level for the so-called continuing claims since mid-March of 2020.

About 2.138 million people were receiving unemployment checks under all programs in early December, down 320,452 from the end of November.

Stocks on Wall Street rose for a third straight session.

The dollar was steady against a basket of currencies. US Treasury prices fell.

The tight labor market is underscored by an unemployment rate that is at a 21-month low of 4.2 per cent.

There were a record 11.0 million job openings at the end of October.

Higher wages as companies scramble for scarce workers are helping to underpin consumer spending.

A separate report from the Commerce Department on Thursday showed consumer spending, which accounts for more than two-thirds of US economic activity, rose 0.6 per cent last month after shooting up 1.4 per cent in October.

Services surged 0.9 per cent, accounting for nearly all the gain in spending.

The broad increase in services was led by housing and utilities.

Spending on goods edged up 0.1 per cent as outlays on long-lasting manufactured goods like motor vehicles fell 0.6 per cent, reflecting shortages.

Spending on goods was also weaker after Americans started their holiday shopping early to avoid empty shelves.

A 0.4 per cent increase in personal income, driven by a 0.5 per cent rise in wages, helped to fund some of the spending, though high inflation cut into income gains.

China's Lithuania blockade hits other EU exports

AFP, Berlin



VALDIS DOMBROVSKIS
Executive vice-president,
European Commission

EU Trade Commissioner Valdis Dombrovskis warned that a Chinese blockade of Lithuania's exports over a dispute about Taiwan was increasingly affecting firms from other EU countries, in an interview published Friday.

Dombrovskis told German daily Die Welt that the Commission had been able to verify Lithuanian claims about the blockade.

"It causes us concern that we are increasingly getting reports from other member states about blocked imports" by China as well, he said.

"Apparently Chinese customs is not processing goods from other EU countries if they contain parts from Lithuania."

"Dombrovskis said there were now "many cases in which imports from Lithuania and the EU are being stopped at Chinese ports and the number is increasing daily".

He said the blockade appeared to affect both large and small shipments. "Given the massive daily trade volume between the EU and China, it's not surprising that the amount is growing fast," he said.

Dombrovskis said the Commission was using political and diplomatic channels to try to resolve the dispute and that he had spoken directly with China's EU envoy about the matter.

But should those efforts fail, he said his staff was preparing a complaint with the World Trade Organization. "We would prefer an amicable settlement for this problem, that's obvious," he said, adding "we have to be prepared for these efforts being unsuccessful".

Last month, China downgraded diplomatic ties with Lithuania and stopped issuing visas there in protest at Vilnius's decision to allow Taiwan to open a representative office under its own name.

Major tech firms join Consumer Electronics Show exodus

AFP, San Francisco

Big-name tech firms such as Google, Lenovo and Intel on Thursday cancelled plans to attend next month's Consumer Electronics Show in Las Vegas, joining an exodus fueled by fear of Covid-19.

The three are part of a growing list of companies opting not to put employees at risk by staffing events, exhibits or briefings at the annual gadget extravaganza.

"After careful consideration we have decided to withhold from having a presence on the show floor of CES 2022," a spokesperson with US internet giant Google said.

"We've been closely monitoring the development of the Omicron variant, and have decided that this is the best choice for the health and safety of our teams."

"The Waymo self-driving car unit of Google-parent Alphabet also hit the brakes, saying it would take part virtually."

China-based computer colossus Lenovo said on Twitter it decided to "suspend all on-site activity" at the show.

And US chipmaker Intel told AFP that after consulting with health officials, it "will move to a digital-first, live experience, with minimal on-site staff" to reduce risk.

The news came on the heels of several other major companies cancelling or scaling back their plans due to Covid-19 variant Omicron's rapid spread.



People attend the opening day of the 2020 Consumer Electronics Show (CES) in Las Vegas, Nevada.

AFP/FILE

The popular four-day conference, which had planned for a grand return, is still scheduled to start January 5.

But this week Facebook parent company Meta, Amazon, T-Mobile and Twitter canceled their appearances.

Key tech world publications including CNET, The Verge and TechCrunch said they will no longer send reporters to cover the

event, adding to growing suspicions that CES might have to be delayed or canceled.

The show's organizer, the Consumer Technology Association, put out word last week that the number of exhibitors confirmed to attend had topped 2,100 and that it would offer free Covid-19 rapid testing kits to attendees as an added level of safety.

On its site, CES reminds all

attendees that they must be fully vaccinated.

Another major conference planned for January, the World Economic Forum, announced Monday it would delay its annual meeting in Davos, Switzerland, due to Omicron.

The gathering of the world's political and business elite will go ahead in "early summer," according to organizers.

Mustard, fries in short supply due to Canada climate woes

AFP, Ottawa

A mix of drought in Canada's prairies and flooding on its Pacific coast have brought about crop production and shipping woes now leading to international shortages of fries and mustard.

In Japan, for example, McDonald's has been forced to ration fries as the British Columbia floods squeezed potato imports, while mustard producers in France are forecasting steep price increases because the drought in another part of Canada -- the world's biggest producer of mustard grains -- cut supplies.

"When we look back at the state of the agriculture sector in 2021, we can say this year has been marked by extreme climate change weather events," Agriculture Minister Marie-Claude Bibeau said in a recent speech.

"That includes the worst drought in 60 years in Western Canada and the devastating atmospheric rivers in British Columbia," she told livestock farmers and ranchers who've struggled to secure enough hay to feed their animals as pastures dried up.

According to government data, farmers in Canada produced more corn but less wheat, canola, barley, soybeans and oats in 2021 compared with 2020.

The lower yields -- which Statistics Canada said marked the largest year-over-year decrease on record, falling to levels not seen in more than a decade -- were driven largely by drought conditions in Western Canada.

Keith Currie of the Canadian Federation of Agriculture told AFP: "There's a lot of angst in the farming community." Some farmers have lost everything; others are considering quitting as the future looks bleak.

The Agri-Food Analytics Labs at

Dalhousie University publishes a list of the top 10 food-related stories each year. Climate calamities in Western Canada ranked second this year, after food inflation.

"Climate change has strongly impacted agricultural production and supply chains" already strained by the pandemic, its scientific director Sylvain Charlebois told AFP, leading to rising food costs.

"This year saw extremes," he said, noting a Canadian record high temperature of 49.6 degrees Celsius in the town of Lytton in British Columbia. It was later destroyed by wildfires.

Subsequent flood devastation in British Columbia showed that Canada's westward supply links, Charlebois said, "are very, very vulnerable, and not resilient enough to climate change."

Because of the drought, meanwhile, mustard seed production in the prairies was halved this year to almost 50,000 metric tonnes, from 2020.

As a result, the average price is expected to double to "a record \$1,700 (1,510 euros) per tonne," according to a Canadian agriculture ministry report.

The French region of Burgundy hosts the vast majority of mustard manufacturers but depends heavily on Canadian farmers to produce the strong, tangy condiment consumed the world over.

Commodity markets analyst Ramzy Yelda noted that droughts in Western Canada occur every 10-15 years on average, but this year's "was particularly brutal."

"I don't think we're done with these kinds of severe weather situations," added Currie. "We're going to continue seeing them more frequently."

On the flip side, it was a banner year for Canadian potato producers who harvested 123,000,000 hundredweight of potatoes, up 18 per cent from the prior year.

UK department store Selfridges in £4b Christmas Eve sale

AFP, London

Britain's luxury department store chain Selfridges, famed for its flagship store on London's Oxford Street, was snapped up Friday by a Thai-Austrian alliance for £4.0 billion in a Christmas Eve deal that will create a global giant.

Selfridges, whose stores normally throng with gift-hunting shoppers over the festive holiday, has been sold by Canada's Weston family to Thai retail giant Central Group and Austrian property firm Signa, the groups announced in a statement.

The price, equivalent to \$5.4 billion or 4.7 billion euros, was not officially disclosed but was confirmed by a source close to the matter. The blockbuster deal however comes amid growing unease over the impact of the Omicron coronavirus variant on the bricks-and-mortar retail sector, which has already been hit hard by the long-running pandemic.

"Central, a family-owned retail, real estate and hospitality group and Signa, one of Europe's leading real estate and retail groups, have entered into a definitive agreement to acquire Selfridges Group, a leading luxury retail group, from the Weston family," read the statement.

The transaction "will create a complementary portfolio of leading European luxury department stores" and

"will create one of the world's leading omni-channel luxury department store groups", the statement said.

The purchase comprises 18 leading department stores including Selfridges in London, Manchester and Birmingham, as well as de Bijenkorf in the Netherlands, and Brown Thomas and Arnotts in Ireland.

Canadian business Holt Renfrew will however remain with the Weston family, which bought Selfridges in 2003 for 598 million. Central Group is owned by the Thai billionaire Chirathivat family and has scores of malls, electronics, grocery and 24-hour convenience stores across Thailand.

The Thai firm has been on an ambitious overseas spending spree in recent years -- acquiring or partnering with luxury brands in Italy, Germany and Switzerland.

Selfridges Group, which was put up for sale by the Westons in July, is one of the world's most luxurious and well-known department store chains. It will now become part of Central and Signa's combined luxury department store portfolio, which includes Rinascente in Italy, Illum in Denmark, Globus in Switzerland and The KaDeWe Group in Germany and Austria. "It is a privilege to be acquiring Selfridges Group, including the flagship Oxford Street store, which has been at the centre of London's most famous shopping street for over 100 years," said Central chief executive Tos Chirathivat.

Apparel industry continues marathon in sustainability

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In a sequel to that tour, this time around I along with BGMEA Vice President Miran Ali, Directors Asif Ashraf and Abdullah Hil Rakib, and Managing Director of Shasha Denims Ltd Shams Mahmud, visited three European countries, namely the UK, Belgium and Scotland.

Although the COP26 and climate change was the main focus of the tour, we held various meetings with stakeholders of the supply chain.

In those meetings we not only highlighted the progress and potential of Bangladesh's garments sector, but also discussed what partners in the international supply chain can do to supplement the efforts of manufacturers in mitigating climate change. For example, on the sidelines of the COP26 summit we had a meeting with Primark, one of the major procurement brands of Bangladeshi apparel.

We expressed our support for the objectives Primark set out to change the ways its clothes are made, halve carbon emissions across the supply chain and improve the lives of workers.

To explore cost-effective ways of green financing in the apparel sector, we met with fund director Bob Assenberg and Director Bernadette Blom of the Good Fashion Fund (GFF) in Antwerp, Belgium.

The BGMEA and GFF have already inked a memorandum of understanding to support and strengthen the development and uptake innovative sustainability solutions with a focus on improving environmental and social sustainability in our factories.

As per the agreement, the GFF will provide a long-term loan alongside technical,

environmental, and social expertise to manufacturers to adopt sustainable production.

In Belgium I had the pleasure of attending the board meeting of the International Apparel Federation (IAF) and 36th IAF World Fashion Convention. There, I apprised the audience of the current status of Bangladesh's apparel industry and its impressive strides, especially in areas of workplace safety, environmental sustainability and workers' wellbeing.

It is worth mentioning that the next IAF Fashion Convention will be held in Dhaka in November 2022, which is going to be a momentous occasion for us.

To mark the occasion, we are planning to organise a week-long international program, styled "Made in Bangladesh Week", featuring the 3rd Dhaka Apparel Summit, fashion festival and exposition to name a few.

The IAF is the world's leading federation for apparel manufacturers, and its annual conference in Dhaka is going to be a first-of-its-kind international program in Bangladesh.

During the visit we also met with Leslie Johnston, chief executive officer (CEO) of Laudes Foundation in Glasgow, Dirk Vantghem, director general of the European Apparel and Textile Confederation (EURATEX) in Antwerp, Mahbub Hassan Saleh, ambassador of Bangladesh to Belgium, Rushanara Ali and Rupa Huq, members of Parliament of the UK in London, and many other officials of British and European brands.

In those meetings our discussions covered a range of issues on mutual interests related to the textile and apparel industry, its challenges and

opportunities.

We shared the incredible journey of Bangladesh's garment industry in becoming a prestigious brand in the global apparel market, and highlighted the success stories of the country's garment industry, including its world-class standards in workplace safety and exemplary strides in environmental sustainability and commitment to achieving further excellence in the area of sustainability.

During the tour, we tried to hammer home the importance of ethical sourcing to ensure a sustainable supply chain and make a positive difference to workers' lives, especially in the context of price declines coupled with increased production costs.

We also shed light on the future priorities set by Bangladesh's apparel sector in pursuit of retaining its fame as a safe, sustainable and competitive destination for apparel sourcing in the world.

Sustainable manufacturing has long been a mission and vision for Bangladeshi garment manufacturers, and this is an issue over which no dissenting voice can be heard.

The COP26 was an opportunity to revisit the issue, reinvent our commitment and showcase our progress. However, building on the progress that we have made so far can be a decisive step towards cementing Bangladesh's position as a lucrative apparel sourcing hub in the competitive global market.

The author is the president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).