

China goes all out to boost domestic demand

ANN/CHINA DAILY

China is intensifying efforts to expand domestic demand, with service-related spending emerging as a key growth driver.

In response, regulators have rolled out consumer finance measures designed to support consumption upgrades and encourage household spending.

Earlier this year, the National Financial Regulatory Administration directed financial institutions to broaden their consumer finance offerings as part of a wider push to stimulate demand.

"The regulatory guideline encourages banks to increase personal consumption lending and support financing needs for emerging consumption scenarios, such as digital, green and smart consumption. This will create new business opportunities for banks, particularly in wholesale and retail, culture and tourism, and also healthcare and elder care services. By innovating in products and services, banks can expand their market presence and strengthen revenue streams," said Zeng Gang, chief expert and director of the Shanghai Institution for Finance & Development.

Zeng said that simultaneously boosting consumption capacity and financial supply will ease households' concerns about spending and provide enterprises with the capital to expand production, thereby forming a virtuous cycle in which rising demand drives optimized supply and further unlocks consumption potential.

The consumer goods trade-in program has been one key measure to stimulate consumption this year.

The Ministry of Finance, in cooperation with the National Development and Reform Commission, has allocated 300 billion yuan (\$42 billion) of ultra-long-term special treasury bond funds to support the program, continuously unleashing consumption potential and driving industrial upgrading, Wu Gai, a finance ministry official, said at a news conference on July 25.

"This round of consumer goods trade-in policies has delivered remarkably positive results, significantly boosting sales of key consumer items such as home appliances and communication equipment. It has supported profitability and performance improvement in related industries, thereby promoting consumption and stabilizing employment," said Zhou Jingdong, deputy director of the BOC Research Institute, the in-house think tank of Bank of China, and Fan Ruoying, a researcher at the institute, in a report on Aug 12.

To better implement the initiative, Bank of Communications, a Shanghai-based State-owned commercial lender, launched a "trade-in" service section on its mobile banking app. The section integrates comprehensive features



People walk along the Huguosi street, a dedicated food street in Beijing. Chinese regulators have rolled out consumer finance measures designed to encourage household spending.

PHOTO: AFP/FILE

including subsidy policy inquiries, subsidy eligibility criteria, partner merchant directories, and coupon collection and redemption, enabling a seamless one-stop process for obtaining and utilizing coupons.

Looking ahead to the second half of this year, experts noted that as the consumer goods trade-in program gains traction, some companies may face cash flow pressure from pre-financing costs since

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businesses participating in the program must advance funds for the subsidy portion. Banks are expected to step in to help ease these financing strains.

At the same time, cultivating new growth drivers in service consumption is widely seen as a key lever for supporting economic momentum in the months ahead, experts said.

Pan Gongsheng, governor of the People's Bank of China, announced on May 7 that the central bank would establish a 500-billion-yuan relending facility for service consumption and elder care, in coordination with fiscal and industry policies, to better meet the

needs of consumption upgrading. Banks are now making every effort to implement this policy.

Zeng said the relending program will directly benefit households by helping enterprises improve service quality, expand supply in the consumption sector, and enhance elder care infrastructure. He expects the policy to spur industry development, create jobs, and raise household incomes.

Recently, supported by this policy, the Shanghai branch of Bank of China issued nearly 1 billion yuan in service-consumption working capital loans to a leading private tourism company. The funding will support the company in expanding business and enhancing market competitiveness while meeting the growing demand for diverse, high-quality travel experiences.

This year, BOC plans to issue over 1 trillion yuan in loans, focusing on both traditional and emerging consumption sectors to expand supply and stimulate consumer vitality.

The bank is enhancing products to capture demand in areas such as home renovation and smart living. It is also backing the consumer goods trade-in programme by providing home renovation and furnishing trade-in installment financing of up to 2 million yuan, with maturities of as long as five years. Select eco-friendly appliances and digital products qualify for zero-interest installment plans.

Aligned with government efforts to spur big-ticket consumption, Bank of China has teamed up with 17 new energy

vehicle makers to expand subsidized auto installment financing. For certain popular models, customers can access installment plans with terms of up to five years at zero interest.

To further spur consumption and expand domestic demand, China unveiled plans to offer interest subsidies for qualifying personal consumption loans and eligible business loans in the services sector on Aug 12.

According to the financial institutions authorized to participate in the subsidized personal consumption loan program, which began Sept 1, the procedure has been simplified.

Applicants only need to authorize banks to check loan accounts and identify eligible consumption transactions. Subsidies are directly deducted from interest payments in line with policy rules. If the bank system cannot match transactions, borrowers may present receipts at branches for manual review before receiving subsidies.

Following the launch of the new loan subsidy programs, Lin Li, executive vice-president at Agricultural Bank of China, said the bank is working quickly to finalize operating guidelines, upgrade technology systems, and ensure effective rollout so that the policy benefits households and businesses efficiently.

ABC is actively responding to the national consumption stimulus campaign, supporting new consumption models, business formats and scenarios. The large State-owned commercial lender has launched a dedicated consumption loan action plan across its branches.

Trump to push Xi on soybeans as US farmers struggle

AFP, Washington

President Donald Trump signaled Wednesday that he plans to push Chinese leader Xi Jinping on US soybean purchases when they meet, as American farmers grapple with fallout from his trade wars.

"The Soybean Farmers of our Country are being hurt because China is, for 'negotiating' reasons only, not buying," Trump wrote on his Truth Social platform.

"I'll be meeting with President Xi, of China, in four weeks, and Soybeans will be a major topic of discussion," he added.

Trump said last month that he would meet Xi on the sidelines of an Asia-Pacific Economic Cooperation (APEC) summit in South Korea starting at the end of October. He also said that he would travel to China next year.

The talks come after Washington and Beijing engaged in a tit-for-tat tariffs war earlier this year, imposing escalating duties on each other's exports.

While both sides have since agreed to de-escalate tensions, this has been a shaky truce with lingering effects.

Trump on Wednesday reiterated plans to use some US tariff revenues to aid farmers, while taking aim at his predecessor Joe Biden for not enforcing an earlier trade pact with Beijing that involved a step up in farm purchases.

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Trump's aggressive trade policies and resulting fallout have weighed on US farmers, including hitting export markets like China.

The American Soybean Association (ASA) has urged Trump to prioritize soybeans in trade talks with Beijing.

It warned in August that Beijing's retaliatory tariffs are "shutting American farmers out of their largest export market going into the 2025 soybean harvest."

China is a top global buyer of soybeans, with the United States once being a major source for the world's second biggest economy.

But "the US has made zero sales to China in this new crop marketing year due to 20-percent retaliatory tariffs imposed by China in response to US tariffs," ASA President Caleb Ragland said last week.

"This has allowed other exporters, Brazil and now Argentina, to capture our market at the direct expense of US farmers," he added in a statement.

"The frustration is overwhelming," he said.

The first Trump administration provided aid to farmers too as his previous trade war gutted exports to what had been a massive market for US soybeans and pork, among other products.

During Trump's first presidency, retaliatory tariffs on the United States caused more than \$27 billion in US agricultural export losses from mid-2018 to late-2019.

Prime Bank customers to enjoy discounts on the purchase of Hyundai cars



Md Zahidul Kabir, head of treasury at Fair Group, and Mamur Ahmed, senior executive vice-president and head of branch distribution at Prime Bank PLC, pose for photographs after signing the agreement at the bank's corporate office in Dhaka recently.

PHOTO: PRIME BANK

STAR BUSINESS DESK

Prime Bank PLC has signed an agreement with Fair Technology Limited, a business unit of Fair Group and the manufacturer and authorised distributor of Hyundai passenger vehicles in Bangladesh.

Mamur Ahmed, senior executive vice-president and head of branch distribution at Prime Bank PLC, and Md Zahidul Kabir, head of treasury at Fair Group, inked the agreement

at the bank's corporate office in Dhaka recently, according to a press release.

Under the partnership, Prime Bank customers will be entitled to enjoy special discounts when purchasing Hyundai cars in Bangladesh.

The initiative reflects Prime Bank's commitment to enhancing customer benefits by offering premium lifestyle privileges and superior service experiences, the

release added.

Through this collaboration, Prime Bank further strengthens its pledge to deliver lifestyle advantages for its customers and employees, enriching their overall banking and lifestyle journey.

Joarder Tanvir Faisal, executive vice-president and head of cards and retail assets at the bank, and JM Taslim Kabir, head of marketing at Fair Group, along with other senior officials from both organisations,

City Bank gets \$75m from AIIB, NDB



Mashrur Arefin, managing director and CEO of City Bank PLC, and Gregory Liu, director general for financial institutions and fund clients, global, at the Asian Infrastructure Investment Bank, pose for photographs after signing the agreement in Beijing recently.

PHOTO: CITY BANK

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accelerate investments in renewable energy and infrastructure projects, critical areas for the country's sustainable development goals."

The loan to one of Bangladesh's leading private commercial banks will help bridge the country's infrastructure

financing gap by mobilising private sector capital, enabling longer-term infrastructure loans, and supporting projects across key sectors, according to the statement.

The facility also underscores the foreign lenders' commitment to building resilient and sustainable

infrastructure ecosystems across member economies.

Mesbaul Asif Siddiqui, deputy managing director and head of wholesale banking at City Bank, was also present, along with other senior officials from the participating organisations.

Prolonged US govt shutdown

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A shutdown that lasts the entire quarter would reduce fourth-quarter real gross domestic product by 1.2 to 2.4 percentage points, Oxford Economics said in a note, while cautioning that a shutdown of that length has never occurred before.

A long-lasting shutdown may weigh more on consumer sentiment, said Lauren Goodwin, economist and chief market strategist at New York Life Investments.

The 2018-2019 shutdown that lasted over 30 days coincided with a 7 percent hit to confidence in the University of Michigan consumer survey, Goodwin said in written commentary.

The 19 partial or full government shutdowns over the past 50 years have gone on for an average of about

eight days, according to analysts at Canaccord Genuity.

Analysts at BBH said in a note that a shutdown of more than two weeks "increases the downside risk to growth."

That in turn, BBH said, raises the likelihood of a more accommodative Fed which can further weigh on the US dollar.

Indeed, many investors were focused on how the shutdown might sway Fed policy with the central bank due to meet at the end of the month and the likelihood now of delays to key data, starting with the US employment report that had been scheduled to be released on Friday.

That expected gap in government releases could place more emphasis on alternative data including the ADP National Employment report

published on Wednesday, which showed private payrolls dropped by the most in 2-1/2 years in September.

"If the shutdown drags on, the weakness in the ADP will be all the Fed has to go on," Capital Economics analysts said in a note.

Peter Cardillo, chief market economist at Spartan Capital Securities, doubted the shutdown would last two or three weeks, "but if it should, that puts the Federal Reserve in a big bind."

As of Wednesday, Fed funds futures indicated investors widely expect a standard quarter-percentage-point cut at the central bank's October 28-29 meeting, according to ISEF data.

To be sure, investors said that any economic hit to growth would likely be recouped at least to some extent once the government reopened.