Canada seeking to join AIIB

By www.thestandard.com.hk
Thursday, September 1, 2016

Canadian Prime Minister Justin Trudeau yesterday hailed a new era in relations with China during his first official visit to a key trading partner, saying he aims to boost "stability and regularity" in their ties.

Trudeau and Chinese Premier Li Keqiang agreed to annual meetings and the eventual establishment of a mechanism to discuss national security and rule of law.

Trudeau said they will work together to discuss issues of common concern, including climate change, judicial training, gender equality and empowerment of women.

"Renewing our relationship with China is extremely important to Canada," Trudeau said at a joint news conference after his meeting with Li. "Until now, the China-Canada relationship has somewhat lacked in stability and regularity."

Separately, Canada will apply to join the China-backed Asian Infrastructure Investment Bank, Ottawa's finance department said, in a coup for Beijing after Washington had tried to dissuade US allies from signing up.

"Canada is always looking for ways to create hope and opportunity for our middle class as well as for people around the world," Finance Minister Bill Morneau said in a statement.

"Membership in the AIIB is an opportunity to do just that."

The Beijing-headquartered multilateral lender, which began operations earlier this year, has been seen by some as a rival to the World Bank and the Philippines-based Asian Development Bank.

The US$100 billion (HK$780 billion) AIIB counts several major European countries among its shareholders after they joined up despite the objections of the US, which hosts both the World Bank and International Monetary Fund.

China to probe Comcast, DreamWorks merger

By news.rthk.hk
Friday, September 2, 2016

China will launch an anti-trust probe into the US$3.8 billion merger of US media giants Comcast and DreamWorks Animation, the commerce ministry said on Friday.

In April, Comcast -- the biggest cable television operator in the US -- bid for the creators of the Kung-fu Panda series, a smash hit in China.

A Chinese company lodged a complaint about the deal, commerce ministry spokesman Shen Danyang told a regular briefing on Friday, "saying it would have an unfavourable influence on market competition in China". He gave no further details but said monopoly regulators will conduct an investigation under the country's anti-trust law and "relevant regulations".

The ministry on Friday also announced it had launched a probe into the recent merger between Chinese ride-sharing giant Didi Chuxing and the local operations of its US rival Uber.

In recent years, Chinese authorities have stepped up scrutiny of foreign firms, launching sweeping investigations into alleged malpractice in sectors ranging from pharmaceuticals to baby formula.

The deal between the media giants represents consolidation in a sector which is being challenged by the emergence of new Internet-based video services such as Netflix and Amazon, which are boosting their original programming.

Originally part of the DreamWorks group created in the 1990s by Steven Spielberg, David Geffen and former top Disney executive Jeffrey Katzenberg, the animation studio was spun off as a separate company in 2004. Under the deal, it will become part of NBCU's Universal Filmed Entertainment Group, which includes Universal Pictures.

Comcast acquired a majority of NBC Universal in 2009 and in 2013 boosted its stake to 100 percent. That gave it the large NBC television network as well as Universal Studios in Hollywood and its theme parks.

DreamWorks, which also owns rights to the Shrek series of animated films, has plans to build a theme park in China, hoping to leverage their immensely popular media properties to cash in on the mainland’s growing middle class.

China PMI rises to two-year high

By www.thestandard.com.hk
Friday, September 2, 2016

Activity in China's manufacturing sector unexpectedly expanded at its fastest pace in nearly two years in August as construction boomed, suggesting the economy is steadying in response to stronger government spending.

The best factory reading since late 2014 may reinforce views that China's central bank will be in no hurry to cut interest rates or banks' reserve requirements, for fear of adding to debt levels or fuelling asset bubbles.

But the official factory survey also highlighted growing lopsidedness in the world's second-largest economy, with larger firms expanding, likely thanks to Beijing's largesse, while smaller manufacturers continued to struggle.

The official Purchasing Managers' Index rose to 50.4 in August from 49.9 in July, and above the 50-point mark that separates growth from contraction on a monthly basis. Analysts had expected a reading of 49.9 for the second month in a row, and some thought there would be added weakness after Beijing ordered many plants around Hangzhou to close to clear the air ahead of China's first summit of G20 leaders Sept 4-5.

Yet factory output growth accelerated, with the index rising to 52.6, the highest this year, from 52.1 in July. Total new orders expanded sharply, though export orders continued to shrink, albeit at a more modest pace.

"While many factories have been shut down before the G20 summit, overall manufacturing activities are still elevated, reflecting improving growth momentum," said Zhou Hao, senior economist at Commerzbank in Singapore. But in a sign that business conditions remain tough, factories continued to cut staff, though at a slightly slower pace than in July.

The divergence of performance between smaller and larger enterprises is also a concern if struggling smaller firms have more trouble servicing their debt burdens, some analysts said, noting recently introduced debt-for-equity swaps are likely to help bloated state companies more than private ones. Smaller firms showed a sharp contraction in activity in August, while one for larger companies showed a solid expansion, suggesting state-owned enterprises, though often inefficient, remain the backbone sustaining China's economic growth.

"Fiscal expansion will likely need to continue at a strong pace, to ensure stable growth in the coming months," HSBC economists said in a note.

A private PMI survey focusing more on small and mid-sized firms reinforced the picture of a two-track economy. The survey suggested that activity at smaller manufacturers stagnated in August as output and new orders both grew at a softer pace.

The Caixin/Markit Manufacturing Purchasing Managers' index slipped to 50, the no-change mark which separates expansion of activity from contraction on a monthly basis. An official survey on the services sector showed the sector continued to expand at a rapid pace, though slightly more modestly than in July.

HKMA to boost fintech development

By news.rthk.hk
Tuesday, September 6, 2016

The Hong Kong Monetary Authority (HKMA) said on Tuesday that it will introduce measures to boost the development of financial technology in Hong Kong.

Its Chief Executive Norman Chan said it will also introduce a "regulatory sandbox" to enable the industry to experiment with different financial technology products and services.

He said the HKMA will collaborate with the Applied Science and Technology Research Institute to set up a "fintech innovation centre" to provide technical and regulatory support to the banking industry..

HK-Canada trade pact in place

By news.gov.hk
Tuesday, September 6, 2016

The Investment Promotion & Protection Agreement between Hong Kong and Canada came into effect today.

Secretary for Commerce & Economic Development Gregory So presented a notification to Canadian Minister of International Trade Chrystia Freeland confirming the pact's implementation.

Under the agreement the two sides will provide equal treatment of investors, compensation for expropriation of investments, free transfers abroad of investments, and settlement of investment disputes in accordance with internationally accepted rules.

It will facilitate investment flows between Hong Kong and Canada, strengthening economic and trade ties between both places.

Hong Kong has so far signed the agreement with 18 economies.

G20 leaders set to boost growth

By www.thestandard.com.hk
Tuesday, September 6, 2016

China agreed to cooperate more closely with its trading partners on its politically volatile steel exports as leaders of major economies ended a summit yesterday with a forceful endorsement of free trade and a crowded agenda that included the Koreas, Syria and refugees.

In a joint statement, President Xi Jinping, US President Barack Obama and the leaders of Britain, Japan, Russia and other Group of 20 nations pledged to boost sluggish global growth by promoting innovation.

"The global recovery lacks momentum," Xi told reporters after the meeting. "We need to do more to unlock the potential for medium and long-term growth."

There was no mention of a global stimulus or other joint action, which officials said earlier was unworkable because economic conditions vary widely from country to country.

In an effort to shore up public support for trade, the leaders promised "inclusive growth" to spread the benefits to people who have been left behind by wrenching change. That reflects a recognition that economic strains are fueling political tensions and a growing clamor to raise barriers against foreign competition.

The statement expressed opposition to protectionism on trade and investment in all its forms. The governments pledged to avoid devaluing their currencies to boost exports. They called for cooperation to reduce tax avoidance. They appealed for stepped-up aid for surging global numbers of refugees and their host countries. Chinese leaders hope the two- day meeting will increase their influence in managing the global economy.

They want the G-20, created to respond to the 2008 financial crisis, to take on a longer-term role promoting trade and economic growth. The joint statement reflected that ambition by calling it the premier forum for economic cooperation.

Beijing made trade a theme of the gathering in Hangzhou but faces complaints that a flood of low-cost Chinese steel into global markets threatens US and European jobs, propelling the rise of political movements that promise to curb trade. The joint statement calls for formation of a steel forum under the Organization for Economic Cooperation and Development to study excess production capacity.

In a concession to Beijing, the statement doesn't mention China by name and says excess steel capacity is a global issue. However, US and European officials say the vast Chinese state-owned industry, which accounts for half of worldwide output, is the root of the problem. Washington has raised import duties by up to 500 percent on Chinese steel to offset what it says are improper subsidies.

Beijing promised in January to reduce steel production capacity by 100 to 150 million tonnes by 2020. But that is half of China's estimated excess capacity of 300 million tonnes, so deeper cuts would be required to bring it in line with demand.

HK still world’s freest economy

By www.news.gov.hk
Thursday, September 15, 2016

The Government has welcomed the Fraser Institute's recognition of Hong Kong as the freest economy in the world, noting its long-standing commitment to uphold economic freedom has once again earned accolades in the international arena.

In the institute’s latest report on economic freedom released today, Hong Kong has continued to hold high rankings in three of the five areas of assessment, being first in "size of government" and "regulation", and second in "freedom to trade internationally".

In a statement, the Government said: "We will strive to uphold our traditions of an open and free trade and business environment, a small and efficient government, and the rule of law and an independent judiciary, which are the cornerstones of Hong Kong's economic success."

London-Shanghai link

By www.thestandard.com.hk
Thursday, September 15, 2016

China's central bank is preparing the groundwork for a proposed link between the Shanghai and London stock exchanges that will allow investors on one bourse to invest in the other, the Securities Times reported yesterday.

The newspaper said that officials from the Chinese government and the City of London met in Beijing on Tuesday to discuss financial cooperation, green finance, and other topics. If the work on the connect scheme runs into specific difficulties, the People's Bank of China and other regulators will act together to push forward, Ma Jun, chief economist at the PBOC's research bureau, was reported as saying. Feasibility studies for a potential Shanghai-London stock connect have been under discussion for some time, but progress has been slow.