

China Premier Li Qiang Vows to Boost Imports, Expand Market Access

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China’s premier pledged that his nation would expand access to markets and also boost imports, which have fallen this year. “We will continue to promote opening up, with greater inclusiveness and benefit-sharing,” Li Qiang said in a speech Sunday to kick off the China International Import Expo in Shanghai, adding that China “will actively expand imports.”

China’s No. 2 official also vowed “to protect the rights and interests of foreign investors in accordance with the law.” That comment came after a measure of foreign investment into the world’s second-largest economy turned negative for the first time since records began in 1998.

The promise to boost imports from other nations comes despite the slowdown in the Chinese economy, which has hurt demand for goods from around the world. China earlier reported that imports decreased 6.2% in September, down for the seventh month in a row.

China has been seeking to lure more foreign investors into the nation to aid the economic recovery. Economists have said the decline in FDI by the balance-of-payments measure reflects less willingness by foreign companies to re-invest profits made in the country.

That’s due to strained ties with the West and the rising attractiveness of keeping cash overseas. Advanced economies have been raising interest rates while China has been cutting them to stimulate the economy.

Prime Minister Anthony Albanese, making the first visit by an Australian leader in seven years, spoke at the CIIE just after Li, saying his nation would will “continue to work constructively with China” as “it is in all our interests to have a relationship where there is dialogue and cooperation.”

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News: Bloomberg

Albanese was attending the expo to promote Australian exports and businesses. China recently removed trade curbs on Australian barley, coal and timber, moves that followed an extended period of frosty ties between Canberra and Beijing.

Albanese said at a lunch hosted by Tourism Australia later in the day that “we are now on a path to restore our wine trade” with China. He’s scheduled to travel to Beijing, where he’ll meet Chinese leader Xi Jinping.

In his remarks on Sunday, Li also pledged that the Asian nation would be more proactive in “promoting the orderly and free flow of data in accordance with the law.” China put a new law on data into effect in 2021 that prompted worry among executives at multinationals over their ability to operate in the nation. In September, the government proposed relaxing some of the strict rules on data flows abroad, a move partly aimed at allaying the concerns and reviving faltering growth.

Source: <https://www.bloomberg.com/news/articles/2023-11-05/china-s-li-vows-to-boost-imports-widen-foreign-market-access>

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BOE Chief Economist Says Soaring UK Wages Spur Inflation Risks

“Bank of England Chief Economist Huw Pill emphasized that strong labor market and soaring wages require policymakers to remain vigilant in fighting inflation.”

Bank of England Chief Economist Huw Pill said the strength of the labor market and soaring wages mean that policymakers can't yet turn their focus away from fighting inflation.

Speaking a day after Governor Andrew Bailey said it's too early to talk about the possibility of reducing interest rates, Pill said "more persistence in wage and price dynamics" suggest "we can be less sanguine" about a slowing economy reducing inflation.

The remarks reinforce BOE efforts to temper expectations in financial markets. Investors priced in the possibility of three quarter-point cuts from the second half of 2024 after the BOE on Thursday kept interest rates unchanged and predicted the economy faces over a year of stagnation.

"We haven't really yet entertained consideration of cutting rates at this moment," Pill said in a web event Friday. "Our concern is ensuring we do enough in order to bring inflation on a lasting sustainable basis back to target."

Pill said the evidence of the labor market easing was mixed, with the slowdown more pronounced in sectors such as hospitality than in business services. "The overall position of the labor UK labor market, although loosening, still remains pretty tight by historical standards, and that is what underpins some of this potential persistence and strength in wage developments," he said.

Source: <https://www.bloomberg.com/news/articles/2023-11-03/boe-chief-economist-says-soaring-uk-wages-spur-inflation-risks>

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Japan Prime Minister Fumio Kishida Announces Stimulus Package as Support Sags

“Japanese Prime Minister Fumio Kishida announced a larger-than-expected economic stimulus package that aims to boost growth and help households hit by inflation.”

Japanese Prime Minister Fumio Kishida announced a larger-than-expected economic stimulus package that aims to boost growth and help households hit by inflation, as his administration tries to shore up falling support.

Kishida said Thursday that the measures will be worth more than ¥17 trillion including the impact from tax cuts and other costs. Around ¥13.1 trillion (\$87.1 billion) of spending will be funded through an extra budget, he said.

“We’re seeing the chance to transition into a new economic stage for the first time in three decades,” said Kishida. “The key here is to strengthen firms’ ability to earn, which in turn can become the source of wage hikes.”

Income and residential tax rebates worth ¥3.5 trillion and more than ¥1 trillion in aid for low-income households will form a key part of the package, according to local media reports. The package is Kishida’s latest attempt to appease voters who are critical of his handling of inflation. Price growth, the fastest in decades has outpaced pay rises.

The extra outlays will likely add to the country’s mountain of debt, and may have little impact on voters’ opinion of Kishida.

“Part of the reason why people don’t like tax rebates is they think they will be temporary,” said Harumi Taguchi, principal economist at S&P Global Market Intelligence. “Many people may just save them as they expect taxes to go back to the same level. I also have doubts about the impact because it won’t be delivering money to people in a tangible way.”

Source: <https://www.bloomberg.com/news/articles/2023-11-01/japan-s-kishida-set-to-unveil-stimulus-package-as-support-sags>

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