

business

Sri Lanka economic growth slowest in 17 yrs - central bank

Colombo, Sri Lanka

A political crisis in Sri Lanka last year led to the slowest economic expansion in 17 years, the central bank said yesterday.

Growth for 2018 was cut from a forecast above 5.0 per cent to about 3.0pc because of damage to the economy from a conflict between the president and prime minister, Central Bank of Sri Lanka governor Indrajith Coomaraswamy said.

President Maithripala Sirisena sacked Prime Minister Ranil Wickremesinghe in October and dissolved parliament even though he did not have a majority to back the move. The showdown was only ended by the Supreme Court in December when it held that Sirisena's actions were unconstitutional and illegal.

The bank governor said he expected better growth in 2019 as the outflow of foreign capital had reversed.

"All in all, we are in a better place this year," he said, warning however that there could be fiscal slippage because the government was likely to offer sweeteners to the people during a presidential election this year.

Coomaraswamy noted that Sri Lanka's Supreme Court had demonstrated its independence underscoring that key institutions functioned despite the crisis.



Central Bank of Sri Lanka governor Indrajith Coomaraswamy

"Our systems stood up very well in the last few months," Coomaraswamy told reporters. "But businessmen have concerns about political stability."

During the crisis, three international credit rating agencies downgraded the country's debt, making it more expensive to borrow abroad.

Sri Lanka had to abandon plans to raise loans abroad. An International Monetary Fund programme was also suspended, though the government has opened talks to revive the three-year \$1.5 billion bail-out which began in 2016.

The 2018 growth compares with 3.1pc in 2017 when the country faced the twin effects of a major drought followed by floods that killed more than 210 people.

Baidu profit falls but revenue beats expectations

Shanghai, China

Leading Chinese internet search provider Baidu has announced a 50 per cent plunge in net profit for the fourth quarter but revenue beat expectations on growth in its core search business and a push into artificial intelligence (AI).

The Beijing-based, Nasdaq-listed company said late Thursday its fourth-quarter profit came in at 2.08 billion yuan (\$303 million) in the October-December period.

Earnings were hit by losses

stemming from non-controlling interests in Baidu's video unit iQiyi, which was spun off last year, and continued investments into new fields. But total revenues for the quarter were a better-than-expected 27.2 billion yuan, beating analyst estimates and Baidu's own projections.

"The diversification of Baidu's business from mobile internet into the smart home, smart transportation, cloud and autonomous driving markets will require heavy investments," Chief Financial Officer Herman Yu said.

The Coal Confusion

Australia, China deny ban on coal imports amid tensions

● Industry experts have noted recently that China appeared to be delaying customs clearances for Australian coking coal

● Canberra and Beijing have sparred diplomatically in recent months over the 5G ban

Sydney, Australia

China and Australia yesterday denied reports Australian coal was being blocked from entering the Asian country, with Canberra seeking to quell fears that worsening diplomatic tensions are damaging the nations' crucial trading relationship.

Industry experts have noted recently that China appeared to be delaying customs clearances for Australian coking coal used in steel-making, but a report late Thursday that ports in the northern city of Dalian had banned the shipments sent the Aussie dollar plunging.

China is Australia's biggest trading partner and coal is the resource-rich country's most valuable export.

Chinese foreign ministry spokesman Geng Shuang said reports of a ban in Dalian were "false".

"Chinese ports are receiving coal import declarations from all countries including Australia," Geng said at a regular briefing.

The spokesman said Chinese customs have stepped up efforts to analyse and monitor the quality and safety of imported coal in recent years because the product sometimes fails to meet environmental standards.

"The purpose is to better safeguard Chinese importers' rights and interests and better protect the environment," Geng said.

Australian Trade Minister Simon Birmingham said there was "no basis to believe that there is a ban" on Australian imports.



Chinese workers taking samples of imported coal at a port in Rizhao. (Courtesy of The Sydney Morning Herald)

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Reports of a ban in Dalian were "false"/ Chinese ports are receiving coal import declarations from all countries including Australia

GENG SHUANG

CHINESE FOREIGN MINISTRY SPOKESMAN

"We believe and understand that these are simple import quotas, consistent with what China has applied before and continues to apply and apply equally to all countries," Birmingham told reporters.

"This is not the first occasion where Australian coal exports to China have slowed in terms of the pace at which they are processed or assessed and let into the country... It is unlikely and unhelpful to try to conflate other unrelated issues."

He added that officials were seeking reassurances from Beijing that Australia was not the only country being targeted.

Prime Minister Scott Morrison said earlier that regulatory rather than political issues were at play and stressed there was "no evidence" any hold-up of imports was related to other issues between the two nations.

There has been speculation about whether the delays have been about addressing domestic pressures, or retribution over Canberra's decision to ban Chinese communications giant Huawei's 5G equipment over security risks.

Canberra and Beijing have sparred diplomatically in recent months over the 5G ban, China's growing drive to increase

its influence in the Pacific and the expulsion of a Chinese billionaire who donated to local political parties.

"Knee-jerk headlines" Australian central bank governor Philip Lowe said Friday it would be "concerning" if the diplomatic spats were spilling into the trading arena, but added that it would be prudent to "wait and see" what the motivations were behind the Chinese actions.

Lowe, echoing analysts, said it was also important to note that the current amount of coal reportedly blocked by Dalian was small.

Coal shipped from Australia to Dalian accounts for about 10 percent of Australia's exports of the commodity to China, and only two percent of overall exports.

Westpac senior currency strategist Sean Callow told AFP that while the Australian dollar dropped one percent to 70.90 US cents following the initial reports Thursday, the market was calmer early Friday.

"Those knee-jerk headlines of 'Australia's number-one export destination has a ban on Australia's number-one export' were enough to knock the Aussie lower," Callow said.

Mexico says fuel theft down 72 pc

Mexico City, Mexico

Mexico said on Thursday that theft of state fuel has been reduced by 72 percent since it launched a strategy to combat the crime at the end of last year.

"If we continue like this we could save around 50 billion pesos (\$2.6 billion)," said President Andres Manuel Lopez Obrador. Octavio Romero, the director of state oil company Petroleos Mexicanos (Pemex), said 7.8bn pesos had been saved between Dec 21 and February 19.

France sees no health reason for Nutella output stop

Paris, France

French authorities said yesterday that there appeared to be no health risks behind the decision to halt production of Nutella at a plant in Normandy, the world's largest factory making the prized chocolate-and-hazelnut spread.

Nutella's Italian owner Ferrero, whose products also include Ferrero Rocher chocolates, on Wednesday said it had suspended production at the site as a precautionary measure.

"As far as I am aware at the moment, there is no health problem," French Agriculture Minister Didier Guillaume told

CNews. "From what I know, this is an economic problem."

The Villers-Ecalles site in Normandy produces around 600,000 jars a day, or about a quarter of all the Nutella made worldwide.

Ferrero's France affiliate said it had discovered a quality defect in one of the ingredients used for making Nutella as well as Kinder Bueno candy bars.

The manufacturer said the defect was not related to its standards of quality. "For now, we can say no products currently on the market are impacted by the situation and that the supply to our customers continues without interruption," the company said.



Sweets move down the line at Ferrero's hometown plant in Alba, Italy. (Courtesy of Forbes)



The Ferrero group, with 30,000 employees and 22 production sites around the globe, also makes Kinder surprise eggs and chocolate bars as well as Tic Tac mints