

**China-S.L swap deal**

China's central bank has offered Sri Lanka a yuan swap arrangement equivalent to \$1.5 billion, Sri Lanka's central bank governor Indrajit Coomaraswamy said on Friday.

"It is a stand-by arrangement. They have offered and we are doing the paper work now," Coomaraswamy told re-

porters in Colombo.

Sri Lanka is struggling to repay foreign loans, with a record \$5.9 billion due this year, including \$2.6 billion in the first three months. The South Asian island nation used its reserves to repay a \$1 billion sovereign bond loan in January. (RTRS)

**shareholders of Jet Airways approve swap**

India's Jet Airways Ltd said late on Friday that its shareholders approved a plan to convert existing debt to equity, paving the way for the troubled company's lenders to infuse funds and nominate directors to its board.

Jet's board last week approved a plan by lenders, led by State Bank of India, for an equity infusion, debt restructuring and the sale or sale-and-lease-back of aircraft.

The plan will mean the lenders

will have a bigger holding than any other shareholder.

Currently, Chairman Naresh Goyal owns a 51 percent stake in the company and Abu Dhabi's Etihad Airways owns 24 percent.

Jet, which had net debt of 72.99 billion rupees (\$1.03 billion) as of end-December, has debt payments looming next month, according to rating agency ICRA. It has been unable to pay pilots' salaries and has outstanding bills to aircraft lessors.

The company, India's biggest full-service carrier, is struggling with competition from budget rivals, high oil prices and a weaker rupee. The share price took a beating in 2018, losing nearly 70 percent of its value.

In a regulatory filing, Jet said on Friday that 98 percent of its shareholders voted to increase the share capital to 22 billion rupees (\$309.8 million) from 2 billion rupees at a special meeting. (RTRS)

**China coal**

China's Australian coal imports continue as normal, but the customs administration has stepped up environment and safety checks on foreign cargoes, Geng Shuang, spokesman for the Ministry of Foreign Affairs, said on Friday.

Geng said during a press briefing that a Reuters report that the northern port of Dalian has banned Australian coal imports was not true. (RTRS)

# Property bust rattles Australia's economy

Economic consequences ripple outward from building to retail

**SYDNEY, Feb 23, (RTRS): As property prices rocketed toward the heady peak of Sydney's real-estate boom in 2017, the bulldozers came to Epping. Eucalyptus-lined streets of red-brick bungalows in the middle-class suburb were snapped up at hefty premiums by developers, razed, and quickly remade as apartment blocks.**

Many units were sold off-the-plan - where buyers enter into contracts and pay deposits before construction starts - to Chinese investors drawn by the location's reputation as a Chinese community hub and its highly-regarded schools.

But prices are now in freefall, and the suburb is being refashioned once more, this time into the epicentre of a bust.

As buyers disappear and miss settlement payments, some projects are sinking under their debts.

"Once the sales rates and pricing dropped, it just couldn't service all of its commitments," said Philip Campbell-Wilson, who is liquidating one such new development, Gondon's Elysee Epping.

Campbell-Wilson is finalising a list of creditors which include building contractors as well as financiers and debts of A\$57 million (\$40 million). The developer's parent company

did not return phone calls and sales staff for the development directed Reuters to its receiver, Newgate Advisory, which declined to comment.

Now 61 of Gondon's 130 apartments are for sale all bundled together to recoup creditors' funds, pushing prices in the area lower still.

Prices in the Epping area have already fallen more than a fifth from their peak in August 2017, according to data from property consultant Corelogic, the steepest falls in Sydney.

"Up until December there's actually been an acceleration of the decrease in pricing," said Jay Carter, sales director at the Australian arm of Chinese developer Poly Real Estate Group Co, which recently built a 516-unit complex in Epping.

Poly plans to hang on to most of roughly 30 unsold apartments in its development in the hopes that the rate of Sydney price falls slowing slightly in January signals the bottom of the market approaching, he added.

As monthly insolvencies in the construction industry hit their highest in almost three years in November, consequences have begun to ripple outwards through Australia's economy, which has grown for 27 years straight without a recession.

A slew of profit downgrades and weak results at businesses from banks to advertisers and retailers has followed and the central bank has now opened the door to a cut in interest rates.

Australia's house price falls are not entirely unwelcome and have been partly engineered by authorities to improve affordability.

Epping prices, for example, dou-

## Xi urges financial risk prevention while seeking stable growth

BEIJING, Feb 23, (RTRS): China should seek stable development of its economy while not forgetting to fend off risks to its financial system, Chinese President Xi Jinping said, state news agency Xinhua reported on Saturday.

China's economy is growing at its slowest pace in almost 30 years, spurring policymakers to bolster growth by easing credit conditions and cutting taxes.

"It is necessary to focus on preventing risks on the basis of

steady growth, while strengthening the countercyclical adjustment of fiscal policy and monetary policy and ensuring that the economy operates in a reasonable range," Xi said.

Preventing and resolving financial risks, especially systemic financial risks, is a fundamental task, the agency cited Xi as telling a study session for senior Communist Party officials on Friday.

On Wednesday, Premier Li Keqiang reiterated that China would not resort to "flood-like" stimu-

lus such as it unleashed in past downturns.

But after a spate of weak data, investors are asking if Beijing needs to speed or boost support to reduce the risk of a sharper slowdown.

Until now, China has refrained from cutting benchmark interest rates to spur the slowing economy, which would ease financing costs but risk adding to a mountain of debt.

To free up more funds for lending to small and private business-

es, the central bank has cut the reserves that banks need to set aside five times in the past year.

Last month, Chinese banks made the most new loans on record, a total of 3.23 trillion yuan (\$481 billion). A central bank official said previously that no credit floodgate had been opened, and the lending jump showed recent easing steps were working.

China's financial sector must serve the real economy, Xi said, but stable growth and risk prevention must be balanced.

bled in the eight years leading to the 2017 peak.

Curbs on lending to foreigners and a clampdown on capital flows by Beijing hurt demand from Chinese investors, Australia's largest source of international property investment.

Last financial year, foreign investment in residential property dropped 58 percent to A\$12.5 billion, government figures show.

Local residential property investors are also finding it tougher to borrow as banks tighten loan conditions under pressure from regulators.

The impacts have been underestimated according to Peter Summers, chief executive of AVJennings, a developer exposed to suburban markets in Melbourne and Sydney, which is now looking to slow supply as the market turns sour.

"In a couple of projects, we've already reduced our stage sizes and

delayed a couple of stages," he said.

The company announced a 91 percent drop in half-year profit as a combination of delays and buyers' reticence sapped sales.

The pullback is not bad news for everyone.

While the heaviest wipeouts have been reserved for the frothiest sections of the market, like apartments built largely for foreign buyers, developers such as Mirvac Group say they are so far unscathed and even on the lookout for sites.

Price falls are also giving first-home buyers a chance to get into a market ranked as among the least affordable in the world by researcher Demographia, based on the ratio of median house prices to median income.

And with the central bank cooling on the idea of a rate hike, the prospect of higher mortgage repayments sparking a rush of defaults is reduced.

But the sentiment has still brought forward-looking construction indicators to a screeching halt. Monthly building approvals are down by 40 percent from their peak and construction loans hit a three-year low in December.

Profits are falling, or forecast to drop at building suppliers CSR Ltd and Boral Ltd, and ancillary companies are also suffering.

Garbage collector Bingo Industries Ltd on Monday reported a slowdown in building waste volume growth in the first half of its fiscal year, an announcement that halved the value of its shares.

"It flows through everything," said Jason Teh, Chief Investment Officer at Vertium Asset Management.

Housing price falls tend to discourage spending because home owners feel less wealthy, save more, and cut back on purchases.

"The question is whether there's more to come ... the economic mo-

mentum, as showed by company earnings is getting worse," Teh said, adding it would probably take a central bank rate cut to arrest the decline.

Property classifieds sites Domain Australia Holdings Ltd and News Corp-owned rival REA Group as well as furniture seller Nick Scali are also feeling the negative effects.

Grocers Coles Group Ltd and Woolworths Group Ltd have also reported slowdowns.

"People are just not as confident or sure as to where things are going," said Darryl Abotomey, chief executive of car repairer and parts distributor Bapcor Ltd, which has cut its outlook as drivers postpone vehicle servicing.

His thoughts were echoed at Epping, where realtor Oliver Yap said an apartment nearby that fetched A\$562,000 a year ago had taken months to attract a A\$415,000 offer. Rents have also sagged.

## Cambodia placed on FATF's 'money-laundering' grey list

JAKARTA, Feb 23, (RTRS): A global money-laundering watchdog placed Cambodia on its watchlist on Friday because of concern the country, which has never prosecuted a money-laundering case, is vulnerable to the concealment of illegally acquired money.

Cambodia inclusion on a "grey list" drawn up by the Financial Action Task Force (FATF) could curtail international financial, investment and trade flows to and from the Southeast Asian country.

The FATF is an inter-governmental organisation that underpins the fight against money laundering and terrorist financing.

A spokesman for Cambodia's Ministry of Economy and Finance said he could not comment on the FATF issue and referred questions to the National Bank of Cambodia, which did not immediately respond to an email request for comment.

FATF president Marshall Billingslea said Cambodia had "significant deficiencies".

"It really runs the gamut," he told reporters, though added that Cambodia had made a "high-level political commitment" to address the problem.

The FATF listing comes as Cambodia faces the loss of preferential trade treatment from the European Union due to concerns over its human rights record.

Cambodia's inclusion on the list follows an FATF "mutual evaluation report" on its poli-

cies to counter money laundering (ML) and terrorism financing (TF) conducted in 2017.

The report contained several damning findings and observations, including that no money-laundering case had ever been prosecuted in Cambodia.

Cambodia's judicial system had "high levels of corruption", the FATF said in the report, adding:

"Cambodia has made minimal use of financial intelligence in investigating ML/TF."

The Cambodian Financial Intelligence Unit did not supervise its booming casino and real estate sectors, long identified by organisations such as the United Nations Office on Drugs and Crime as highly exposed to money laundering by organised crime groups.

Cambodia had been removed from the FATF "grey list" in 2015.

A more restricted financial environment comes as Cambodia is also facing the prospect of tougher trade conditions.

This month, the EU began a formal, 18-month process that could result in Cambodia losing its access to the EU's "everything but arms" trade regime, which allows the world's poor countries to sell goods, other than weapons, tariff-free into the 28-member bloc.

The EU warned Cambodia that it could lose the special status last year after Prime Minister Hun Sen's ruling party won all of the seats in parliament in a general election.

## Chinese govt bars millions from travelling

BEIJING, Feb 23, (AP): Skipped paying a fine in China? Then forget about buying an airline ticket.

Would-be air travelers were blocked from buying tickets 17.5 million times last year for "social credit" offenses including unpaid taxes and fines under a controversial system the ruling Communist Party says will improve public behavior.

Others were barred 5.5 million times from buying train tickets, according to the National Public Credit Information Center. In an annual report, it said 128 people were blocked from leaving China due to unpaid taxes.

The ruling party says "social credit" penalties and rewards will improve order in a fast-changing society after three decades of economic reform have shaken up social structures. Markets are rife with counterfeit goods and fraud. The system is part of efforts by President Xi Jinping's government to use technology ranging from data processing to genetic sequencing and facial recognition to tighten control.

Authorities have experimented with "social credit" since 2014 in areas across China. Points are deducted for breaking the law or, in some areas, offenses as minor as walking a dog without a leash.

Human rights activists say "social credit" is too rigid and might unfairly label people as untrustworthy without telling them they have lost status or how to restore it.

US Vice President Mike Pence criticized it in October as "an Orwellian system premised on controlling virtually every facet of human life."

The ruling party wants a nationwide system by 2020 but has yet to say how it will operate. Possible penalties include restrictions on travel, business and access to education. A slogan repeated in state media says, "Once you lose trust, you will face restrictions everywhere."

Companies on the blacklist can lose government contracts or access to bank loans or be barred from issuing bonds or importing goods.

Offenses penalized under "social credit" last year included false advertising or violating drug safety rules, the government information center said. Individuals were blocked 290,000 times from taking senior management jobs or acting as a company's legal representative.



In this file photo, people check on travel packages offered by travel agencies during the Guangzhou International Travel Fair in Guangzhou in south China's Guangdong province. Travelers in China were blocked from buying plane tickets 17.5 million times last year as a penalty for failing to pay fines or other offenses. (AP)

Since the launch of such "joint punishment," the system has caused 3.5 million people to "voluntarily fulfill their legal obligations," the Information Center said. It said that included 37 people who paid a total of 150 million yuan (\$22 million) in overdue fines or confiscations.

The report gave no details of how many people live in areas with "social credit" systems.

"Social credit" is one facet of efforts by the ruling party to take advantage of increased computing power, artificial intelligence and other technology to track and control the Chinese public.

The police ministry launched an initiative dubbed "Golden Shield" in 2000 to build a nationwide digital network to track individuals.

Human rights activists say people in Muslim and other ethnic minority areas have been com-

ped to give blood samples for a genetic database. Those systems rely on foreign technology. That has prompted criticism that US and European suppliers might be enabling human rights abuses.

This week, Waltham, Massachusetts-based Thermo Fisher Scientific Inc. said it no longer would sell or service genetic sequencers in the Muslim-majority region of Xinjiang in the northwest following complaints they were used for surveillance.

As many as 1 million Uighurs, Kazakhs and other Muslim minorities in Xinjiang are detained in political education camps, according to US officials and United Nations experts. The government says those camps are vocational training centers designed to rid the region of extremism.

### UK seeks to boost trade ties with countries around the world

## China says would welcome British finmin visit

BEIJING, Feb 23, (RTRS): China would welcome a visit by Britain's finance minister Philip Hammond, the Chinese foreign ministry said on Friday, a day after the minister had said talk of deploying a British warship in the Pacific had complicated bilateral relations.

As Britain prepares to leave the European Union at the end of next month, its biggest foreign and trade policy shift in more than 40 years, it is seeking to strengthen diplomatic relationships and trade ties with countries around the world.

Earlier this month defence minister Gavin Williamson said Britain would use military force to support its interests after Brexit and outlined plans to deploy a new aircraft carrier to the Pacific, where London has been seeking to demonstrate its influence in relation to China.

British media reported that China had cancelled trade talks with Hammond because it was upset about Williamson's speech.

"China sets great store on Sino-Britain ties, and hopes Britain can earnestly respect China's core interests and concerns, and make efforts for promoting the healthy and stable development of relations," Chinese Foreign Ministry spokesman Geng Shuang said a daily news briefing.

"As for the issue of Chancellor Hammond visiting China, we have said that we welcome him to visit," Geng added, without elaborating.

A British Ministry of Defence official said the Williamson's speech had been cleared in advance by both Hammond's department and Prime Minister Theresa May's office.

British exports to and imports from China hit a record high in 2017. China was Britain's sixth largest export market that year with sales worth 22.3 billion pounds (\$29.15 billion), and its fourth largest source of imports, worth 45.2 billion pounds, according to the House of Commons Library.

Britain has long courted China for a post-Brexit trade deal, though any formal talks, which would typically take many years to conclude, could not begin until it officially leaves the European Union.

China and Britain, which have talked of a "golden era" of relations, agreed last year to look at the possibility of reaching a "top notch" post-Brexit free trade deal that promises an important political win for the Conservative government.

In his speech, Williamson announced that the first mission of the HMS Queen Elizabeth aircraft carrier would include work in the Mediterranean, Middle East and Pacific regions.

In August a different British warship sailed close to the Paracel Islands claimed by China in the South China Sea, prompting fury in Beijing.

Hammond said on Thursday he was disappointed that the Chinese had reacted in the way they had to Williamson's comments.



The Italian Ambassador for Kuwait during a courtesy visit to the embassy by

**Dr. Filippo Uberti**  
M.D. – Senior Vice President Eni SpA

(and)

**Mr. Khaled Al-Sayegh**  
CEO of Flex Resorts & Real Estate Co. K.S.C.C.

(and)

**Dr. Emad Al-Jaber**  
The Arabian M.D. – Cardiac Surgeon residing in Italy

During the visit, they discussed the areas of possible cooperation in the medical services and healthy life style services that can be offered in cooperation with Flex Co. in order to provide a comprehensive logistic and medical assistance to all Eni SpA employees existing in the Arabian Gulf Region.

Eni SpA is the official governmental Oil & Gas Co. in Italy.