IMF to urge China to shift growth model towards consumption, Georgieva says

WASHINGTON — The International Monetary Fund (IMF) plans to tell China to boost weak domestic consumption, address its troubled real estate sector and rein in local government debt, problems that are dragging down both Chinese and global growth, IMF Managing Director Kristalina Georgieva told Reuters.

Ms. Georgieva said in an exclusive interview the messages will be delivered to Chinese authorities in a forthcoming IMF "Article IV" review of China's economic policies. The Fund will strongly urge Beijing to shift its growth model away from debt-fueled infrastructure investment and real estate, she said.

"Our advice to China is use your policy space in a way that helps you shift your growth model towards more domestic consumption," Ms. Georgieva said. "Because the traditional way of infrastructure, pumping in more money, in this current environment is not going to be productive."

China's aging population and falling productivity were playing a "suppressing role" in its growth rate, along with companies in the United States and Europe shifting supply chains away from China. China's problems in the real estate sector have also caused consumers to rein in spending, Ms. Georgieva said.

"We actually project that without structural reforms, medium term growth in China can fall below 4%," Ms. Georgieva said.

The IMF in July forecast China's 2023 growth rate at 5.2% and 4.5% in 2024, but warned it could be lower given the contraction in real estate.

Ms. Georgieva also said it was important for China to address consumer confidence in its real estate sector by financing the completion of apartments that buyers have already paid for, rather than bailing out troubled developers. — *Reuters*

FULL STORY

Read the full story by scanning the QR code with your smartphone or by typing the link
<https://bit.ly/3Lr0U6q>

FREEPIK

UAW: 'productive' talks with Ford on second day of US auto strike

NEGOTIATORS for the United Auto Workers (UAW) and Ford Motor had "reasonably productive discussions" toward a new contract, the union said on Saturday, while officials at Chrysler parent Stellantis said a proposal to resume work at an idled Illinois factory has fallen through.

About 12,700 UAW workers remained on strike for a second day as part of a coordinated labor action targeting three US assembly plants — one at each of the Detroit Three automakers.

Union negotiators and representatives of General Motors, Ford and Stellantis resumed talks on Saturday, a day after the UAW initiated the most ambitious US industrial labor action in decades.

There was no sign of a breakthrough as of Saturday afternoon.

However, the UAW comment about the tenor of talks at Ford was more positive than the union's characterization of progress ahead of the kickoff of the strikes. On Thursday, Ford chief executive officer (CEO) Jim Farley said the UAW's proposals would push the company to bankruptcy, adding that there was "nothing going on" in negotiations.

"As we have said all along, Ford has bet on the UAW more than any other company. We are committed to reaching an agreement with UAW that rewards our workers and allows Ford to invest in the future. We have to win together," Mark Truby, Ford's chief communications officer, said in a statement.

Stellantis said on Saturday it had hiked its offer, proposing raises of 20% over a four-and-a-half-year contract term, including an immediate 10% hike. That matches proposals from GM and Ford. Stellantis said talks would resume on Monday.

The automakers said the proposals work out to a cumulative 21% hike over the period, but they are still significantly below the 40% wage hike the UAW is demanding through 2027. The union's wage demand includes a 20% immediate increase.

Mark Stewart, the North American chief operating officer for Stellantis, told reporters on Saturday the UAW rejected a proposal to resume operations at an assembly plant in Belvidere, Illinois, noting that the company's offer had been contingent on reaching agreement before the contract expiration.

In late February, Stellantis indefinitely idled operations the Belvidere plant, citing rising costs of electric vehicle production.

The UAW criticized the company position on the Illinois plant saying now "they are now taking it back. That's how they see these workers. A bargaining chip."

Stewart declined to offer specific details, but added that Stellantis was still willing to talk about the facility's future. He described the company's latest overall contract offer as "very compelling."

Stellantis also said it is offering more than $1 billion in retirement security improvements and other increases in benefits.

"This is not about greed," he said, "This is about sharing success."

'GO THE DISTANCE'

The strikes have halted production at three plants in Michigan, Ohio and Missouri that produce the Ford Bronco, Jeep Wrangler and Chevrolet Colorado, along with other popular models.

Automakers have said they need cost-competitive contracts because the multibillion dollar transition to electric vehicles (EV), while workers note US automakers have enjoyed robust profits over the last decade and had hiked CEO salaries by 40% on average since 2019.

On Friday, Ford said it was indefinitely laying off 600 workers at a Michigan plant because of the impact of the strike at the facility, which makes the Bronco SUV, and GM told some 2,000 workers at a Kansas car plant that their factory likely would be shut down next week for lack of parts, stemming from a strike at a Missouri plant.

Stellantis said on Saturday it does not anticipate any other plants being disrupted by the strike at its Jeep plant in Toledo, Ohio.

UAW President Shawn Fain called the reports of planned layoffs of non-striking workers an attempt by the automakers to "squeeze" union members into accepting a weaker settlement. — *Reuters*