Asian Exporters' Chamber Of Commerce and Industry

AECCI VIEWPOINT

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By: Samiksha P (Digital Efforts)

China promises Sri Lanka deal on debt treatment in coming months

The Export-Import Bank of China has told Sri Lanka it will try to finalise in the months ahead how it treats debt owed by the crisis-hit nation, according to a letter seen by Reuters which also reiterated a moratorium for debt due in 2022 and 2023.

The International Monetary Fund said on Tuesday that Sri Lanka had secured financing assurances from China, India and all its major bilateral creditors, setting the stage for final approval of the IMF's $2.9 billion, four-year bailout for the i ..for the island nation on March 20.

Sri Lanka is facing its worst economic crisis in more than seven decades and a shortage of dollars has disrupted imports of essentials, though the situation has improved this year from last year when protesters ousted its president.

China has extended its "firm support to Sri Lanka through a debt treatment", EXIM Bank wrote in the letter to the Sri Lankan government on March 6.

The bank's Vice President, Zhang Wencai, said in the letter that the island nation would not have to immediately repay the principal and interest due on its loans for the two years, "so as to help relieve your short-term debt repayment pressure".

"Meanwhile, we would like to expedite the negotiation process with your side regarding medium- and long-term debt treatment in this window period, with a view to finalising the specifics of a debt treatment in the coming months. We will make our best efforts to contribute to the debt sustainability of Sri Lanka."

The letter mirrors what EXIM Bank sent to Sri Lanka in January, except for the target of finalising debt-treatment specifics in the coming months.

By end-2020, Sri Lanka owed EXIM $2.83 billion, or 3.5% of its central government debt, according to IMF data.

The letter added that China would call on "commercial creditors to provide debt treatment in an equally comparable manner, and encourage multilateral creditors to do their utmost to make contributions to help you better respond to the crisis and emerge from it".

A Chinese foreign ministry spokesperson confirmed the contents of the letter.

"It fully reflects our sincerity and efforts to support Sri Lanka in achieving debt sustainability, and we hope that relevant parties will respond positively to Sri Lanka's loan application as soon as possible," Mao Ning told a regular news conference.

Source: ET

Headlines of the Day

Here's the latest business news of 9 March 2023

- China Jan-Feb exports, imports slump again as global demand falters
- Vietnam rice export prices rise 9.8 pct as buyers stock up
- Zim endorses Afreximbank's export support fund
- Aramco in $6bn deal that could help Koreans win big Saudi contracts
- Indian Oil keen for developing Haldia refinery into petrochemicals complex

China's exports and imports slump in first two months of 2023

China's dollar-denominated foreign trade hit USD 895.72 billion in the January-February period, down 8.3 per cent on a yearly basis. Exports fell 6.8 per cent while imports were down 10.2 per cent year-on-year, according to data from the General Administration of Customs accessed by Global Times.

In the first two months, exports of mechanical and electrical products stood at 2.03 trillion yuan, an increase of 0.4 per cent, accounting for 58 per cent of the total export value, while exports of labour-intensive products like clothes and shoes dropped by 7.4 per cent year-on-year, according to Global Times.

Also, the private sector is playing a bigger role. The total trade of such companies reached 3.16 trillion yuan in the first two months, up 5.3 per cent, the Global Times' report said. This segment of trade accounted for 51.2 per cent of China's total foreign trade, up 3 percentage points from last year.

State-owned enterprises' exports rose 5.3 per cent, while those of foreign-funded firms tumbled 12.2 per cent.

According to Global Times, the Association of Southeast Asian Nations (ASEAN) remains China's top trading partner during the first two months, with total trade rising 9.6 per cent to 951.93 billion yuan, accounting for 15.4 per cent of the country's total trade.

The EU came second with 851.09 billion yuan, down 2.6 per cent, while the US was third with 702.98 billion yuan, down 10.6 per cent.

High inflation and high-interest rates in major overseas economies have had a negative impact on consumer confidence and spending power there, limiting their imports. Considering the high base in 2022, China's foreign trade growth will face some pressure this year, experts said.

Demand for Chinese goods from the US and Europe may rebound in the second half of the year, according to China Merchants Securities. (ANI)

Source: The Print

HAPPY Women's Day

Asian Exporters' Chamber of Commerce And Industry

AECCI celebrated Women's Day with great enthusiasm. AECCI Women Wing is totally supporting and encouraging women to achieve success.

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