

JAPAN INFLATION TICKS UP AFTER YEARLONG SLIDE



TOKYO: Passengers exit the Naka-Meguro subway station yesterday. — AFP

TOKYO: Japanese consumer prices picked up in January for the first time in almost a year, government data showed yesterday, halting a long string of declines as Tokyo struggles to put deflation in the rear view mirror. A key inflation index, which excludes the volatile cost of fresh food, rose 0.1 percent from a year earlier, the internal affairs ministry said. The increase, largely due to rebound in oil and energy prices, marked the first uptick in 11 months and ended the longest string of price declines in more than five years. It was also the first positive monthly inflation figure since Dec 2015.

"Consumer prices will continue to pick up, thanks to oil and a weak yen," said Maiko Noguchi, a senior economist at Daiwa Securities. "The question is: will underlying strength in inflation pick up with stronger wage growth, household spending and business confidence? I don't

think it will at this point," she told Bloomberg News before the data release. Spending by Japan's households remains weak, separate data showed yesterday, with a 1.2 percent on-year fall in January. That was the 11th consecutive month of decline.

Slow wage growth is weighing on consumer spending - which accounts for more than a half of Japan's GDP - despite a tight jobs market. Unemployment has been at its lowest level in around 20 years. Fresh data Friday showed the jobless rate edged down from 3.1 percent in December to 3.0 percent in January. This week, Japan posted an unexpected drop in factory output for January, the first fall in six months and the latest red flag for the world's number three economy. Japan has been struggling to reverse a years-long deflationary spiral of falling prices and lackluster growth. — AFP

SHARED BIKES GRIND SHANGHAI'S GEARS

SHANGHAI: Shanghai has impounded thousands of brightly colored bikes placed on city streets by cycle-sharing companies, in the latest sign of impatience with an explosion of the haphazardly-parked two-wheelers. The bike-sharing sector has become one of the fastest-growing industries in the country, with users typically renting the bicycles for short periods by first unlocking them through the use of mobile phone apps.

Costs can be as low as 1 yuan (15 US cents) per hour and the bikes can be left anywhere for the next user to come along. While hailed as a way to fight road traffic and pollution, the phenomenon has become viewed as a nuisance in some communities, with bikes often parked outside of designated parking areas, left in the middle of sidewalks or even on freeways.

Row upon row of mostly orange and silver bikes from the company Mobike sat collecting dust in a massive parking lot in Shanghai's Huangpu district near the city's famed riverfront Bund area. They had been rounded up by a private firm hired by the government to oversee bicycle parking. The bikes began to accumulate over the past month, said a woman whose balcony overlooks the crowded storage lot, declining to give her name.

A Huangpu district government spokeswoman said shared bikes are not exempt from parking rules. "Any vehicles that violate parking regulations will be impounded. It's the same for everyone," she said. Mobike said in a statement that it was in touch with authorities and seeking to clarify what it called a "misunderstanding" by the company hired to round up the bikes.

The bike-share concept has attracted huge amounts of venture capital investment for key players Mobike and Ofo, who have funnelled that money into placing hundreds of thousands of bikes in dozens of Chinese cities. China's state-run Xinhua news agency said Thursday that over the past two years more than 29 different providers have sprung up, placing more than three million bikes on streets around the country.

A community in Beijing called Mentougou impounded hundreds of share bikes for similar reasons last month. It later returned them to their providers. More than 500 bicycles were dumped in huge piles on the streets of the southern city of Shenzhen in January, with images of the nearly three-meter-high jumbled stacks going viral. — AFP



SHANGHAI: This picture taken on March 1, 2017 shows impounded bicycles from the bike-sharing schemes Mobike and Ofo. — AFP



SHENYANG, China: This photo taken on March 1, 2017 shows a woman walking past a Lotte Department Store in north-east China's Liaoning province. — AFP

LOTTE, SOUTH KOREA FACE CHINA BACKLASH

MISSILE ROW ESCALATES

BEIJING: South Korea's Lotte Group faces an escalating backlash in China after providing land for a US missile-defense system, amid growing concern that the row will mushroom into wider Chinese retaliation against Seoul. South Korea's fifth-largest company, Lotte signed a deal Tuesday to provide land for the US system, which was prompted by threats from North Korea. But the plan has also angered Beijing, which fears it will undermine its own military capabilities.

Lotte has already suffered business setbacks and faces mounting boycott threats over the Terminal High-Altitude Area Defense (THAAD) system. The Chinese producer of one of the country's most popular snacks has withdrawn its goods from Lotte Marts across China, saying Wednesday it would "never cooperate" with the company. A range of other actions have been taken, including a consumer boycott in northeastern Jilin province, where protesters last weekend unfurled a banner at a Lotte Mart store saying "Lotte supports THAAD, get out of China immediately."

Last month Lotte was forced to halt construction of a \$2.6 billion theme-park

project in northeastern China after authorities suddenly found safety problems, and Lotte websites have this week been downed by apparent cyberattacks. Underlining the possibility of even wider Chinese retaliation, Beijing travel agencies said yesterday they could no longer arrange trips to South Korea after Yonhap news agency reported the order was handed down by Chinese authorities. "Please consider going to other countries. Trips to South Korea are suspended due to policy and safety factors," said a woman staffer at CYTS online service, one of China's biggest travel companies. Staff at two other travel firms said the same.

Lighting a fuse

China's frequently nationalistic Global Times newspaper wrote in an editorial Thursday that "Chinese society has formed a collective determination to impose sanctions on South Korea". The stakes are high for Lotte, which has invested more than ten trillion won (\$8.76 billion) in its Chinese operations since 1994. It now has 22 Chinese subsidiaries, 120 outlets, 26,000 employees, and annu-

al sales in China of around \$2.6 billion. It has no duty-free stores in China, but its vast duty-free empire in South Korea makes 70 percent of its sales from visiting Chinese tourists. "Lotte's decision has lit a fuse. When foreign firms touch Chinese consumers' nationalistic feelings, it can spark a boycott," said Fu Guoqun, a Peking University business professor. "This will have quite a huge impact on the company." Lotte Group declined comment when contacted by AFP.

Beijing has not directly threatened Lotte Group, but a Chinese foreign ministry spokesman said the company's success in the country is "dependent on the Chinese market and the Chinese consumers". China has repeatedly denounced THAAD as a threat to its security, with a foreign ministry spokesman saying "the consequences entailed will be borne by the US and the Republic of Korea". Calls are growing in China for Beijing to use the carrot and stick of its huge market to raise pressure on South Korea to abandon the THAAD plan. The Global Times warned in a Thursday editorial that South Korea could lose "the huge Chinese market" over the row. — AFP