



**NORTH DAKOTA:** US President Donald Trump greets supporters before speaking about tax reform at the Andeavor Mandan Refinery in Mandan, North Dakota. —AP

## DONALD TRUMP STRIKES SHOCK BUDGET DEAL WITH DEMOCRATS

### DEAL TO HELP WITH RECOVERY FROM HURRICANE HARVEY

**WASHINGTON:** US President Donald Trump infuriated Republicans on Wednesday by agreeing to ease US borrowing limits, forestalling a government shutdown and siding with opposition Democrats in a high-stakes Washington policy fight. Trump hailed a “very good” deal with Democratic lawmakers that will see the government funded and able to borrow all it needs until at least December 15, avoiding a disruptive shutdown.

The deal will also provide billions in dollars of funding to help with the recovery from Hurricane Harvey in Texas and

Louisiana. “We essentially came to a deal, and I think the deal will be very good,” said a buoyant Trump after meeting leaders from both parties in the Oval Office. During that sit down Treasury Secretary Steve Mnuchin was among the Republicans arguing for a long-term extension to the so-called “debt ceiling,” before Trump shocked the room by jumping in to support Democrats’ short-term fix.

Afterward the president—who based his political brand on being a consummate dealmaker—was notably warm toward Democrats Chuck Schumer and Nancy Pelosi, who he repeatedly referred to as “Chuck and Nancy.” “We’re very glad the president accepted, it’s for the good of the country,” Schumer said with barely contained glee, describing the decision as “a really positive step forward.” Republicans however were livid, believing that come December, Democrats—a minority in both houses of Congress—will be able to demand concessions to keep the government open ahead of key 2018 mid-term elections.

That is likely to include extending protection against deportation to around 800,000 people brought to the United States illegally as children, without providing funding for Trump’s “border wall” with Mexico. Just hours earlier, House speaker Paul Ryan had described a deal linking the debt ceiling and hurricane funding as a “ridiculous idea.” “The Pelosi-Schumer-Trump deal is bad,” said Republican Senator Ben Sasse, in a terse and censorious response to news of the agreement.

Republican Senate majority leader Mitch McConnell distanced himself from the decision, referring to it as a deal between Trump and Democrats. “His feeling was that we needed to come together and not create a picture of divisiveness at a time of genuine national crisis,” McConnell said. Top Trump legislative advisor Marc Short said the move helped Congress and the White House “clear the decks” of thorny political problems and “enables us to focus on tax reform.”

Relations between Trump and Republican leaders have long been strained by policy disputes and the president’s jabs on Twitter. In August, Trump publicly berated McConnell who he said “screamed” to replace Obama-era health care reforms for seven years and “couldn’t get it done.” Another senior administration official denied that Trump had sided with Democrats. “He didn’t go with the Democrats, he went with the country’s needs,” the official said. “The country’s needs, as he sees them right now, are to get many big legislative items tackled in short order by the end of this year,” the official added. — AFP

## GERMAN INDUSTRIAL OUTPUT SKIPS A BEAT

**FRANKFURT AM MAIN:** Industrial production in Germany failed to recover in July from a slide the previous month, official data showed yesterday, with a flat result disappointing analysts’ hopes for a return to growth. Overall, firms produced the same amount in July as the previous month, federal statistics authority Destatis said in preliminary figures adjusted for price, seasonal and calendar effects. June saw a 1.1-percent fall in production, Destatis also confirmed.

Analysts surveyed by data company Factset had expected an increase of 0.5 percent month-on-month in July. Looking to a breakdown of different types of goods, consumer goods and capital goods makers both saw output fall 0.3 percent compared with June. And energy firms generated 4.7 percent less. Meanwhile, producer goods firms’ output grew 1.4 percent and construction added 0.5 percent.

“Industrial production grew continuously in the first five months of the year. Some pause in this trend was bound to happen,” said analyst Carsten Brzeski of ING Diba bank, pointing also to an unexpected fall in industrial orders in July. “Looking ahead, the prospects for German industry remain rosy, at least for the short term,” he added. In its own comment, the economy ministry in Berlin highlighted that surveys of business, investor and consumer confidence point to healthy months ahead for Germany. — AFP

## PACIFIC ISLANDS CAN’T TACKLE CLIMATE CHANGE ALONE: WORLD BANK

**APIA, Samoa:** Climate change will hit the Pacific harder than anywhere else on Earth and the region’s tiny island nations need major international aid to deal with the challenge, the World Bank said yesterday. A World Bank report, “Pacific Possible”, draws on research from numerous sources to back the long-held view of regional leaders that they are on the frontline of global warming. “(It) could have more dire impacts on the Pacific islands than any other country in the world,” warned the report, released Thursday at the Pacific Islands Forum in Samoa.

The study said that even under a best-case scenario—with oceans rising 40 centimeters by 2100 — island nations would face huge costs building seawalls to protect their coastlines. The worst-case outcome—waters up 126 centimeters by 2100 — would swamp large areas of habitable land in low-lying nations such as Kiribati, the Marshall Islands and Tuvalu. “There is little prospect that the high costs of building sea walls could be financed by the countries themselves,” the report said.

“Accordingly, the international community will have to assess the trade-off between large initial expenditures on construction... versus emergency relief and recovery programs when disasters occur.” It said climate change’s impact was already being seen through coastal erosion, saltwater contamination of farmland and drinking water, as well as unpredictable rainfall causing more droughts and floods. The Pacific has always been lashed by cyclones but the report said the most destructive category five storms were set to become more frequent, straining the region’s already scarce economic resources.

It said Cyclone Pam, which hit Vanuatu in 2015, wiped out the equivalent of 64 percent of the country’s GDP. The report said Kiribati and Tuvalu, which are both only a few meters above sea level, may need to consider wholesale migration and that Australia and New Zealand, the region’s richest and most developed nations, could help by giving islanders open access to their labor markets. “It would allow for gradual migration from the atoll nations and be less costly and preferable to a last-minute abandonment, which would require significant emergency assistance and be difficult to manage,” it said.

While the World Bank acknowledged the problem climate change poses, it also said there were a number of economic opportunities Pacific nations could pursue to increase prosperity in coming decades. It said tourism, particularly from China, had the potential to deliver an extra one million visitors a year by 2040, generating additional income of US\$1.6 billion and 110,000 jobs. Improved internet access could also help counter the remoteness that has hindered economic growth in the islands, providing scope for employment opportunities such as call centers. — AFP



**APIA:** Pacific Island leaders attend the opening ceremony of the 48th Pacific Islands Forum in Apia, Samoa. — AFP