

## Business

TUESDAY, DECEMBER 18, 2018

**12** Oil price softness, OPEC cuts to impact Kuwait's growth outlook**13** Marmore reveals 'Top 30 Stocks' in GCC based on RODE Metrics'**14** Lexus tops Consumer Reports' annual list of most reliable cars

**SHENZHEN:** People take a selfie in front of a billboard featuring China's late paramount leader Deng Xiaoping (not seen) on the eve of the 40th anniversary of the country's "reform and opening up" policy in Shenzhen yesterday. China celebrates today the 40th anniversary of its transformative "reform and opening up" policy, which turned the world's most populous country into an economic juggernaut that now faces slowing growth and a stern US challenge. —AFP

# US and China trade barbs at WTO

## Washington has brought back 'the ghost of unilateralism': Beijing

**GENEVA:** The United States said yesterday that China's "unfair competitive practices" were harming foreign companies and workers in a way that violates World Trade Organization (WTO) rules, but vowed to lead reform efforts.

US trade ambassador Dennis Shea drew fire from Chinese envoy Zhang Xiangchen who said the Trump administration's tariffs on steel and aluminium products allowed protectionism under the guise of dubious national security concerns. The heated words, in texts seen by Reuters, were exchanged at the start of a closed-door review of US trade policies, held every two years at the WTO, which continues tomorrow.

Shea expressed concern about the WTO dispute settlement system having "strayed far from the system agreed to by members" and said that the Appellate Body had overreached in some legal interpretations. Zhang countered that by blocking the selection of judges, Washington was putting the system into paralysis.

To force reform at the WTO, Trump's team has refused to allow new appointments to the Appellate

Body, the world's top trade court, a process which requires consensus among member states. As a result, the court is running out of judges, and will be unable to issue binding rulings in disputes.

Shea described the US economy as "one of the most open and competitive economies in the world", with among the lowest tariffs globally, rejecting criticism by some of the US approach as "unilateralist and protectionist". China has pursued "non-market industrial policies and other unfair competitive practices" aimed at supporting its domestic industries while restricting or discriminating against foreign companies and their goods and services, he said.

"The WTO is not well equipped to handle the fundamental challenge posed by China, which continues to embrace a state-led, mercantilist approach to the economy and trade," Shea said.

He did not refer to the dispute on steel or automobiles which brought the two powers to the brink of a major trade war but defended the US. "Section 301" investigation that found in March that Chinese practices related to technology transfer, intellectual property

and innovation were discriminatory.

On Section 301, Zhang said the US measures vastly increased tariffs, "bringing back to life the ghost of unilateralism that has been dormant for decades". Shea said the United States was committed to working with like-minded members to address concerns on the functioning of the WTO. "Reforms are necessary for the continued viability of the institution," he said.

Zhang echoed his call, but said: "If the roof of this building is leaking, we should work together to fix it, rather than dismantling it and exposing all of us to rains and storms."

Meanwhile, the European Union said yesterday the World Trade Organization (WTO) was mired in a "deep crisis and the United States is at its epicentre", and it called on the Trump administration to put forward concrete reform proposals.

EU Ambassador Mark Vanheukelen, speaking at a WTO review of US trade policies, also criticized limitations on the US procurement market, in particular through "Buy American" legislation, and its "heavy restrictions" on maritime transport. —Agencies

## Trump calls on Fed not to raise rates on eve of policy meeting

**WASHINGTON:** US President Donald Trump yesterday called on the Federal Reserve not to raise interest rates, one day before a meeting at which policymakers are widely expected to do so.

The Twitter outburst renewed the president's rock throwing at the central bank, which he accuses of undermining his economic agenda of tax cuts, slashed regulations and multi-front trade offensives.

"It is incredible that with a very strong dollar and virtually no inflation, the outside world blowing up around us, Paris is burning and China way down, the Fed is even considering yet another interest rate hike," Trump wrote, in a message sent one hour before stock markets were due to open.

"Take the Victory!" Trump has repeatedly broken with norms of recent decades, hammering the central bank this year over its moves away from the zero interest rate policy implemented during the global financial crisis.

As the US economy has recovered, the Fed has been raising the benchmark lending rate gradually since December 2015. The Fed on Tuesday opens its two-day policy meeting, and it widely expected to raise the key rate for the fourth time this year, working to get ahead of expected gains in inflation.

Policymakers have offered little reaction to Trump's string of taunts, with Chairman Jerome Powell indicating official tune out political noise.

But analysts and former Fed members say Trump's unprecedented vitriol could cause the central bank to prove its independence by raising rates even if policymakers might otherwise have paused.

Inflation is holding right around the Fed's two percent target, but if markets believe the Fed can be swayed by political pressure, inflation fears could ignite and become a more serious problem.

Amid brisk economic expansion after a decade of steady job growth, US unemployment is flirting with 50 year lows, but the US economy is expected to slow.



**Federal Reserve Board Chairman Jerome Powell speaks during a press conference in Washington, DC. —AFP**

And with global growth also weakening, there is a growing feeling the central bank will not have to raise rates as much as previously expected next year.

Powell and other officials in recent weeks have suggested they could show patience in 2019 as they study incoming economic data. Futures markets currently put the odds of a rate hike this week at about 80 percent. —AFP

## Dubai's DP World seeks to quash India antitrust probe over Mumbai court filing

**NEW DELHI:** Dubai's DP World has approached an Indian court to quash an antitrust investigation recently ordered to probe its alleged anti-competitive behavior at the country's largest container port in Mumbai, a legal document reviewed by Reuters showed. The Competition Commission of India (CCI) last month said it suspected alleged antitrust violations by DP World and Denmark's A.P. Moller-Maersk at the terminals they operate at state-owned Jawaharlal Nehru Port Trust (JNPT).

The CCI's probe followed a complaint by Singapore's PSA International Pte Ltd, which had alleged that Maersk and DP World businesses created barriers to hinder the growth of PSA's terminal by colluding on certain charges they levy at JNPT. Reuters reported last month. In a filing in the High Court in Mumbai last week, the DP World unit Nhava Sheva International Container Terminal said the CCI's decision to order an investigation was "arbitrary" and "capricious".

The filing, dated Dec. 13, has been reviewed by Reuters. It has not been previously reported.

Allowing the CCI's order to stand "would lead to gross discrimination and grave economic harm" on the business, the DP World unit said in its petition, urging the court to quash the CCI's order, put it on hold, or ask the watchdog to withdraw it.

A spokeswoman for DP World in India, Heena Sharma, declined to comment, saying the matter was sub judice. PSA declined to comment. A.P. Moller-Maersk, the world's biggest container shipping group, did not respond to queries.

The CCI did not respond to Reuters questions. Handling 66 million tonnes of cargo in the last fiscal year to March, JNPT is critical to India's international trade. The port handles more than half of India's traffic of shipping containers each year. —Reuters