

Business

SUNDAY, MARCH 25, 2018

18 KIB approves distribution of 10% cash dividends for 2017**21** Citybus launches a new fleet of double decker buses**22** Zuckerberg's shine dims as guardian of Facebook users

PERTH: Cabin crew wait to board a Qantas 787 Dreamliner before taking off on its inaugural flight from Perth to London yesterday. Qantas' 14,498 kilometer (9,009-mile) journey from the southwestern city to London is the world's third-longest passenger flight, the Australian carrier said, and the first-ever regular service to connect the two continents directly. — AFP

Tough talk on global trade escalates

Trump claims results as Beijing vows to defend its interests

BEIJING: The US and China's top economic officials agreed by phone yesterday to "continue to communicate" on trade issues, Chinese state media said, as President Donald Trump pledged his escalating trade showdown would get results despite pushback from Europe and Beijing.

In his latest jolt to the prevailing global order, Trump on Thursday authorized tariffs on as much as \$60 billion of Chinese imports, targeting sectors in which Washington says China has stolen American technology. Liu He, the Chinese vice premier in charge of the economy, told US Treasury Secretary Steven Mnuchin yesterday that Beijing was "ready to defend its national interests" but hoped that "both sides will remain rational and work together," according to China's official Xinhua news agency.

He also accused a US probe into Chinese intellectual property practices of violating international trade rules. China had warned the United States on Friday that it was "not afraid of a trade war" as it threatened tariffs on \$3 billion worth of US goods in retaliation. And French President Emmanuel Macron said Europe would respond "without weakness" to Washington's threats of tariffs on steel and aluminum.

Meanwhile, Wall Street deepened its already sharp losses on Friday as fears of a global trade war ate even further into global equities. The Dow fell 1.8 percent,

completing a 1,100 point drop over two days, while the S&P 500 and Nasdaq both lost more than two percent.

"Nothing should be addressed when it is with a gun to your head," he said at the end of an EU summit in Brussels. Global stocks have plummeted as fears rise that the confrontation could provoke a damaging trade war. Meanwhile, World Trade Organization Director-General Roberto Azevedo called for cooler heads to prevail, saying in a statement that new trade barriers would "jeopardize the global economy".

But speaking to reporters on Friday as he signed new budget legislation, Trump said his efforts were beginning to bear fruit. Washington this week said it would temporarily exempt Europe as well as countries including Brazil, Argentina, South Korea and Australia from the steep new steel and aluminum tariffs that Trump unveiled this month and which took effect Friday.

European and US trade officials said this week they

were beginning talks to reach a compromise. "Many other countries are now negotiating fair trade deals with us," Trump said Friday. "Part of the reason, frankly, that we're able to do that is the fact that we have the tariffs on steel and the tariffs on aluminum." Meanwhile, US Commerce Secretary Wilbur Ross said Friday that US and South

Korean officials were "relatively close" to reaching a deal on the steel and aluminum tariffs, with an announcement possible as early as next week. But Beijing on Friday also unveiled a hit list of products that could face duties of up to 25 percent, from fresh fruit to pork and wine, though it stopped short of pulling the trigger as it indicated its readiness to negotiate an agreement.

China's commerce ministry warned that a 15 percent tariff on 120 goods worth almost \$1 billion—including fresh fruit, nuts and wine—would be imposed if the US fails to reach a "trade compensation agreement" within an unspecified time frame.

In a second step, a 25 percent tariff would be imposed on eight goods totalling nearly \$2 billion, including pork and aluminum scrap, after "further evaluating the impact of the US measures on China," the statement said.

The list noticeably does not include soybeans, a key US export from Trump-voting states that Chinese state-run newspaper the Global Times had suggested should be targeted by Beijing.

Yesterday, the deputy director of China's International Economic Exchange Center and former vice minister of commerce Wei Jianguo told the China Daily newspaper that Beijing was already preparing two more such lists, potentially set to include other products like aircraft and microchips.

Tourism and other sectors besides commodities might also be hit, he added. The United States had a record \$375.2 billion goods trade deficit with China last year.

Change China's behavior

Senior White House economic advisor Everett Eissenstat said Thursday the new US import duties would target sectors where "China has sought to acquire an advantage through the unfair acquisition or forced technology transfer from US companies." US Trade Representative Robert Lighthizer indicated the industries could include aerospace, maritime and rail transport equipment, and new energy vehicles.—AFP



Wall Street tumbles on trade war jitters

but said he was signing it as a "matter of national security."

"There are a lot of things that I'm unhappy about in this bill," he said in a hastily arranged and meandering address. "There are a lot of things that we shouldn't have had in this bill. But we were, in a sense, forced," he said. "But I say to Congress, I will never sign another bill like this again. I'm not going to do it again." He later riffed on the same theme on Twitter, where he said: "To prevent this omnibus situation from ever happening again, I'm calling on Congress to give me a line-item veto for all govt spending bills!" Congress passed a short-lived Line Item Veto Act in 1996, giving then president Bill Clinton the power to scratch items from spending bills as a means to rein in fiscal excesses. The law was challenged and later struck down by the Supreme Court in a 6-3 ruling which found it unconstitutional because it enabled the president to amend the text of statutes, the task of the legislative branch.

Presidents retained the power of veto over bills but without the ability to pick and choose which elements to retain and which to cut.

Third shutdown averted

Without his signature, hundreds of thousands of civil

servants would have been put on forced leave, national parks from the Grand Canyon to Yellowstone would have faced closure and non-essential services would have stopped. It would have been the third shutdown of 2018, something lawmakers from both parties had worked hard to avoid.

Earlier Friday, Washington let out a collective gasp when Trump threatened to veto the hard-won agreement, which dramatically expands military funding.

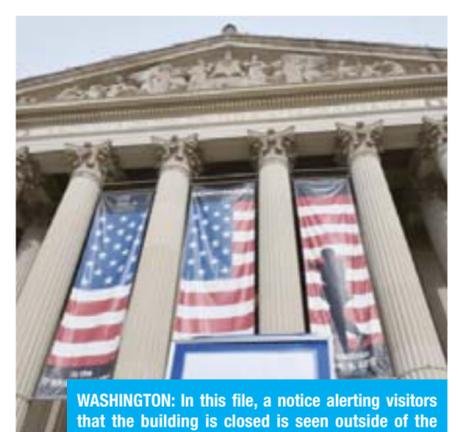
Trump's threat came after a host on conservative channel Fox News pilloried the deal as a Washington "swamp budget." The last-minute drama only fueled a sense of chaos emanating from a White House that seems to lurch from crisis to crisis.

This week alone the former reality TV star replaced his national security advisor, launched a new trade fight with China, and needed investigators probing Russia election meddling. At the same time, he faced an unprecedented number of scandals—from a defamation lawsuit to allegations of at least two extramarital affairs. Amid the pressure, Trump has become unbridled, appearing increasingly willing to disregard the advice of aides and trust his own instincts, regardless of the repercussions.—AFP

Trump reverses threat to shut down US govt

WASHINGTON: President Donald Trump abandoned a threat to shut down the US government Friday, signing off on a budget despite being "unhappy" with many of its provisions—and warning he won't back anything similar ever again.

He later tweeted his desire to have a "line-item veto" over future bills that would allow him to remove parts he disagrees with—a measure that would alter the balance of the government and was ruled unconstitutional by the Supreme Court in 1998. A visibly aggrieved Trump capped another anarchic week by approving the \$1.3 trillion deal passed by the Republican-controlled Congress, just hours after threatening to veto it. He fumed that a "crazy" law-making process had produced a bill that "nobody read"—



WASHINGTON: In this file, a notice alerting visitors that the building is closed is seen outside of the National Archives on the first full week of the government shutdown in Washington, DC.—AFP