

## Business

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LONDON: Britain's Prime Minister Theresa May (left) leaves after making a statement on the Brexit negotiations, from no 10 Downing Street, central London on Friday. British Prime Minister Theresa May said Friday the European Union's abrupt dismissal of her Brexit plan was not acceptable, as she conceded talks were "at an impasse". — AFP

# British PM slams EU over Brexit plan

## May blames Brussels for impasse weeks ahead of a deadline

LONDON: Prime Minister Theresa May hit back Friday at the European Union after it roundly rejected her Brexit plan, saying its refusal to compromise was "not acceptable" and warning she was still prepared to walk away from the talks. In a defiant statement from Downing Street, May blamed Brussels for the "impasse" just weeks ahead of a deadline to seal a deal—and six months before Britain leaves the EU in March.

"Throughout this process, I have treated the EU with nothing but respect. The UK expects the same," the prime minister said. May was speaking after returning from an EU summit in Salzburg Thursday, where her fellow leaders lined up to condemn her proposals for post-Brexit trading ties and the Irish border.

It was a setback characterized by the British media as a "humiliation", just days before a meeting of May's Conservative party, where eurosceptics are ramping up the pressure on their leader to be tough.

Standing at a podium with two British flags behind her, May said: "At this late stage in the negotiations, it is not acceptable to simply reject the other side's proposals without a detailed explanation and counter proposals."

"So we now need to hear from the EU what the real issues are and what their alternative is so that we can discuss them.

Until we do, we cannot make progress." She said she wanted an agreement, but "I have always said no deal is better than a bad deal". The pound slipped against the euro after she spoke, reflecting fears that Britain could crash out of the EU with no agreement.

### Tough talk

EU Council President Donald Tusk hit back late Friday at May's criticism of the EU's negotiating position: "The results of our analysis have been known to the British side in every detail for many weeks." "The UK stance presented just before and during the Salzburg meeting was surprisingly tough and in fact uncompromising," he said in a statement.

Tusk added he remains "convinced that a compromise, good for all, is still possible" in Brexit negotiations and that he is "a close friend of the UK and a true admirer of PM May". EU leaders had previously criticized May's proposal for a free trade area in goods after Brexit, but the tough tone at the Salzburg summit surprised many commentators, with some describing it as an "ambush". Tusk and French President Emmanuel Macron said it would fragment the bloc's single market and "not work", and demanded she come back with an alternative by an EU summit in mid-October. The bloc also

raised the stakes by putting on ice a special summit planned for November to seal a deal, saying it would only happen if there is progress next month.

On Friday, May said the EU's plan for Britain to stay in the European Economic Area, effectively the single market without any say in the rules, would "make a mockery" of the 2016 vote for Brexit. Meanwhile the alternative offer of a free trade agreement was contingent on a "backstop" keeping British-ruled Northern Ireland aligned with EU rules, which she warned risked the integrity of the UK.

This was "something no British prime minister would ever agree to" she said, adding: "If the EU believe I will, they are making a fundamental mistake."

She repeated that she would bring forward alternative proposals to the backstop, which would come into effect until a new trade deal is struck.

### 'Rocky patch'

Reports suggested a tetchy meeting between May and Irish Prime Minister Leo Varadkar on the sidelines of the summit in Salzburg had helped harden views.

Varadkar said Friday the two sides were "entering into a rocky patch" but said he was determined to secure a deal. EU

Commission chief Jean-Claude Juncker said the two sides were "moving closer" but were like "hedgehogs who love each other".

"When two hedgehogs embrace, they have to watch out that they don't get scratched," he told the Austrian daily Die Presse. Simon Usherwood, politics professor at the University of Surrey, said the EU's previous strategy of giving May some breathing room at summits had "collapsed".

Salzburg was "about irritation and bad tempers that the UK really hasn't got the measure of this properly", Usherwood added. But he noted that May was "super-constrained by the party. She can't really be seen to be making concessions".

The House of Commons must approve any Brexit deal, and May's small majority would be undermined if her hardline Brexiters lawmakers go through with a threat to oppose it.

Eurosceptic Tories welcomed May's tough tone on Friday but reiterated their own opposition to her trade plan, which they think will undermine Britain's independence.

Opposition Labor leader Jeremy Corbyn said the prime minister's negotiating strategy had been a "disaster". "The political games from both the EU and our government need to end because no deal is not an option," he said. — AFP

## WTO eyes China bid to slap stiff trade sanctions on US

GENEVA: A World Trade Organization arbitrator is reviewing a Chinese request to impose more than \$7 billion (nearly 6 billion euros) in annual sanctions on the United States over anti-dumping practices, a Geneva trade official said.

The decision to appoint an arbitrator was reached during a special meeting of the WTO Dispute Settlement Body convened to discuss developments in a five-year-old trade dispute between the world's top two economies. Beijing had already warned earlier this month that it planned to ask the global trade body during the meeting for permission to impose \$7.04 billion in annual trade sanctions on Washington in the case.

China's representative told Friday's meeting that measures taken by Washington had "seriously infringed China's legitimate economic and trade interests."

A source close to the WTO meanwhile said that the arbitration "was automatically triggered after the United States informed the WTO that it objected to the level of retaliation proposed by China."

WTO arbitration can often be a drawn-out process, and the results are not expected to be known for months. China initially filed its dispute against the United States back in December 2013, taking issue with the way Washington assesses whether exports have been "dumped" at unfairly low prices onto the US market.

The use of anti-dumping duties are permitted under international trade rules as long as they adhere to strict conditions, and disputes over their use are often brought before the WTO's Dispute Settlement Body. In this specific case, China alleged that the United States, in violation of WTO rules, was continuing a practice known as "zeroing", which calculates the price of imports compared to the normal value in the United States to determine predatory pricing.

In October 2016, a panel of WTO experts found largely in China's favor in the case, including on the issue of "zeroing". The United States, which has repeatedly lost cases before the WTO over its calculation method, said in June last year that it would implement

the panel's recommendations within a "reasonable" time frame.

This past January, the DSB set an August 22 deadline for Washington to bring its practices in line with the 2016 ruling. According to WTO rules, the plaintiff in such cases can request permission to impose sanctions if the parties have not reached agreement on a satisfactory compensation within 20 days of the WTO deadline.

### US optimistic

The United States is optimistic about finding a way forward in its trade dispute with China, but it does not have a date scheduled for further talks as it assesses Beijing's response to the latest round of tariffs, a senior White House official said on Friday.

The official said despite its protestations, China was well aware of US demands it halt what Washington considers unfair trade practices. US President Donald Trump has made clear his resolve on the issue, the official said, and the two sides remain in touch.

"We have been very clear in all of these meetings about what is ... required," the official said. "I am still optimistic that there is a positive way forward, and the president wants us to continue to engage to try to achieve a positive way forward." — Agencies

## US very close to Mexico-only NAFTA deal, Canada unmoved

WASHINGTON: The United States is getting "very, very close" to having to move forward on its trade deal with Mexico without Canada, White House economic adviser Kevin Hassett said on Friday.

There is just over a week to go before a US-imposed Oct 1 deadline to publish the text of a deal to update the North American Free Trade Agreement, and the United States and Canada have still not agreed on terms, Hassett told Fox News Channel.

"We're still talking to Canada, and we're getting very, very close to the deadline where we're going to have to move ahead with Mexico all by themselves," said Hassett, who chairs the White House Council of Economic

Advisers. Washington reached a bilateral trade deal with Mexico in late August and is threatening to exclude Canada if need be. Canadian Foreign Minister Chrystia Freeland left Washington on Thursday after two days of inconclusive talks with US Trade Representative Robert Lighthizer. Asked for a reaction to Hassett's comments, a Freeland spokesman pointed to her repeated comments that Canada "will not be driven by a deadline but by reaching a good deal". Investor concerns over the future of the 1994 pact, which underscores \$1.2 trillion in annual trade, have regularly hurt stock markets in all three countries, whose economies are highly integrated.

A senior White House official on Friday said he hoped Canada would agree to join the US-Mexico trade deal by the end of the month, adding he thought US lawmakers would support a bilateral deal with Mexico if that did not happen.

But Canada says it does not believe US President Trump has the power to unilaterally turn NAFTA into a two-nation agreement. US business groups and some senior Democrats say NAFTA must be preserved as a trilateral grouping. — Agencies