

Business

THURSDAY, MAY 9, 2019

12 Oil prices reach 6-month highs; US pushes OPEC to pump more**13** Al Mulla Motors aftersales team bags 'Best Customer Satisfaction Award'**14** Al-Ahli Bank of Kuwait wins 'Bank of the Year' award, 'Special CSR Award'

SHANGHAI: People walk past the front of an Apple store in central Shanghai yesterday. —AFP

US to hike tariffs on \$200bn worth of China goods

Chinese vice premier to arrive in Washington for talks today

WASHINGTON: The United States will raise tariffs on \$200 billion worth of Chinese imports to 25 percent from 10 percent effective tomorrow, according to a notice posted to the Federal Register yesterday.

The US Trade Representative's office will establish a process to seek exclusions for certain products from additional tariffs, the Federal Register notice said. US President Donald Trump said in a tweet that he would be "very happy with over \$100 billion a year in tariffs filling US coffers."

His comments followed a Reuters report that quoted US government and private-sector sources as saying China had backtracked on almost all aspects of a draft trade agreement with the United States.

Global equities tumbled toward five-week lows as the escalating trade fight fed worries about the world economy and investors sought the safety of bonds and the Japanese yen, which hit a six-week high against the US dollar.

"The reason for the China pullback & attempted renegotiation of the Trade Deal is the sincere HOPE that they will be able to 'negotiate' with Joe Biden or one of the very weak Democrats," Trump tweeted.

"Guess what, that's not going to happen! China has just informed us that they (Vice-Premier) are now coming to the US to make a deal. We'll see, but I am very happy with over \$100 billion a year in Tariffs filling US coffers," he added.

Sources with knowledge of the talks told Reuters that China has sought to alter previously agreed provisions speci-

fying changes to Chinese laws affecting nearly every chapter of a nearly 150-page proposed trade deal between Washington and Beijing.

Meanwhile, the diplomatic cable from Beijing arrived in Washington late on Friday night, with systematic edits to a nearly 150-page draft trade agreement that would blow up months of negotiations between the world's two largest economies, according to three US government sources and three private sector sources briefed on the talks.

The document was riddled with reversals by China that undermined core US demands, the sources told Reuters.

In each of the seven chapters of the draft trade deal, China had deleted its commitments to change laws to resolve core complaints that caused the United States to launch a trade war: Theft of US intellectual property and trade secrets; forced technology transfers; competition policy; access to financial services; and currency manipulation.

The stripping of binding legal language from the draft struck directly at the highest priority of US Trade Representative Robert Lighthizer - who views changes to Chinese laws as essential to verifying compliance after years of what US officials have called empty reform promises.

Lighthizer has pushed hard for an enforcement regime more like those used for punitive economic sanctions - such as those imposed on North Korea or Iran - than a typical trade deal. "This undermines the core architecture of the deal," said a Washington-based source with knowledge of the talks.

'Process of negotiation'

Spokespeople for the White House, the US Trade Representative and the US Treasury Department did not immediately respond to requests for comment.

Chinese Foreign Ministry spokesman Geng Shuang told a briefing yesterday that working out disagreements over trade was a "process of negotiation" and that China was not "avoiding problems".

Geng referred specific questions on the trade talks to the Commerce Ministry, which did not respond immediately to faxed questions from Reuters. Lighthizer and US Treasury Secretary Steven Mnuchin were taken aback at the extent of the changes in the draft. The two cabinet officials on Monday told reporters that Chinese backtracking had prompted Trump's tariff order but did not provide details on the depth and breadth of the revisions.

Further talks this week

The rapid deterioration of negotiations rattled global stock markets, bonds and commodities this week. Until Sunday, markets had priced in the expectation that officials from the two countries were close to striking a deal. Investors and analysts questioned whether Trump's tweet was a negotiating ploy to wring more concessions from China. The sources told Reuters the extent of the setbacks in the revised text were serious and that Trump's response was not merely a negotiating strategy.

Yesterday morning, US stock market indexes were mostly

weaker again, pointing to a third straight day of losses on Wall Street. The S&P 500 has fallen more than 2 percent so far this week. Yields on benchmark US Treasury securities fell to the lowest in more than a month.

Chinese negotiators said they couldn't touch the laws, said one of the government sources, calling the changes "major." Changing any law in China requires a unique set of processes that can't be navigated quickly, said a Chinese official familiar with the talks. The official disputed the assertion that China was backtracking on its promises, adding that US demands were becoming more "harsh" and the path to a deal more "narrow" as the negotiations drag on.

Vice Premier Liu He is set to arrive in Washington today for two days of talks that just last week were widely seen as pivotal - a possible last round before a historic trade deal. Now, US officials have little hope that Liu will come bearing any offer that can get talks back on track, said two of the sources.

To avert escalation, some of the sources said, Liu would have to scrap China's proposed text changes and agree to make new laws. China would also have to move further towards the US position on other sticking points, such as demands for curbs on Chinese industrial subsidies and a streamlined approval process for genetically engineered US crops.

The US administration said the latest tariff escalation would take effect at 12:01 am tomorrow (0401 GMT), hiking levies on Chinese products such as internet modems and routers, printed circuit boards, vacuum cleaners and furniture. —Agencies

Google bucks soaring smartphone prices with new Pixel

MOUNTAIN VIEW: Google bucked the soaring smartphone price trend yesterday, unveiling a high-performance Pixel handset aimed at the middle of the market as part of a wide-ranging pitch to developers of its new hardware, software and privacy efforts.

The Pixel 3a phone, which includes many of the artificial intelligence features of its flagship devices, is priced from \$399, executives said as Google opened its annual I/O developers conference near its headquarters in the Silicon Valley city of Mountain View.

"There has been a troubling trend of high-end phones getting more expensive," Google head of hardware Rick Osterloh said.

"So, we challenged ourselves to deliver a high-end

experience in a new Pixel 3a starting at \$399." The new Pixel was available at Google's online shop. Osterloh contended that the price is about half that of latest generation premium smartphones but is built with camera, digital assistant and other features found in top-end handsets. "They just redefined what a mid-priced phone can do," Forrester Research principal analyst Frank Gillett said at the event. "But they didn't tell us what compromises they made on the hardware." Google's expertise is software, so getting features like artificial intelligence to work on less costly smartphones plays to the internet giant's strength, according to Gillett.

Enabling artificial intelligence to handle sophisticated features on smartphone means less user data needs to be shared with online data centers to handle tasks, Google chief executive Sundar Pichai said while discussing steps being taken to strengthen privacy and security of users. "We always want to do more for users, but do it with less data over time," Pichai said.

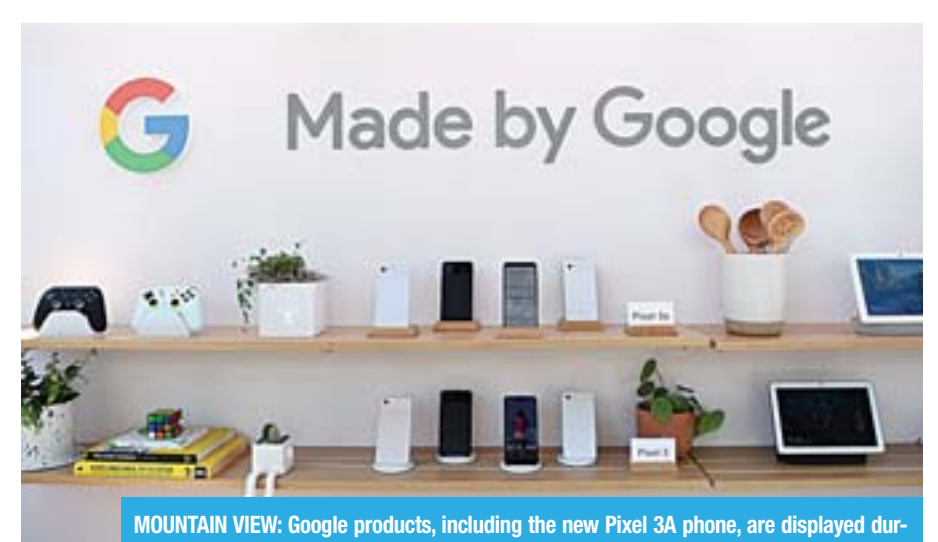
"We strongly believe that privacy and security are for everyone."

Budget appeal

The Pixel 3a makes its debut in a tightening smartphone market, particularly when it comes to premium models, with Google having failed to garner significant market share. Over the past quarter, South Korea's Samsung led all manufacturers with a 23 percent share in a global market that fell 6.6 percent, according to research firm IDC. China's Huawei, US-based Apple and three other Chinese firms rounded out the top five, according to IDC. Google stepped up its hardware ambitions last year with the acquisition of the smartphone division of Taiwan-based HTC.

The new Pixel 3a device is being introduced as Apple and Samsung have boosted prices of their newest handsets to over \$1,000, and with Google's flagship Pixel 3 selling from around \$800.

Pixel 3a has features "extremely attractive to users on a budget," and comes as a threat to the leading Android-powered smartphone maker Samsung, according to Creative Strategies analyst Carolina Milanese. —AFP



MOUNTAIN VIEW: Google products, including the new Pixel 3A phone, are displayed during the Google I/O conference at Shoreline Amphitheatre in Mountain View, California on Tuesday. —AFP