

Business

China says US trade talks 'laid foundation' to resolve concerns

Talks focus on ways to achieve balance in trade relations

BEIJING: China said yesterday that trade talks in Beijing with a US negotiating team had "laid the foundation" to resolve concerns held by both sides in a bruising trade war. US officials visited Beijing from Monday to Wednesday for the first sit-down talks since President Donald Trump and Chinese leader Xi Jinping agreed on December 1 to a three-month truce in the escalating spat.

World markets rose Wednesday on increasing optimism that the two sides would be able to hammer out a deal ahead of a March deadline and avert further import tariff hikes—though Asian stocks were mostly down yesterday. China and the US "conducted extensive, in-depth and meticulous exchanges... which enhanced mutual understanding and laid the foundation for resolving issues of mutual concern," the Chinese commerce ministry said in a statement.

"Both parties agreed to continue to maintain close contact." Washington has been clamoring for an end to the forced transfer—and even theft—of American technology and intellectual property, as well as steep government subsidies for Chinese companies. When asked about progress in those areas yesterday, China's commerce ministry spokesman Gao Feng said that structural issues were a focus of the talks. "Negotiations between the two sides

in this area made progress," he said.

The US Trade Representative office said Wednesday that the talks focused on "ways to achieve fairness, reciprocity, and balance in trade relations", as well as the need for "ongoing verification and effective enforcement" of any agreement. For Washington, ensuring China makes good on its pledges is key—and Gao acknowledged that was important to China as well yesterday.

"The Chinese side also believes that the implementation mechanism of any agreement is very important and both parties have an obligation to carry it out," Gao told reporters during a regular press conference. "For the next step, both sides will continue to work hard together, and advance the negotiation work according to the original plan."

The Trump administration also wants Beijing to buy more American goods to narrow a yawning trade gap—a sticking point for US president—and allow foreign players better access to the Chinese market. "The talks also focused on China's pledge to purchase a substantial amount of agricultural, energy, manufactured goods, and other products and services from the United States," USTR said in a statement. Gao declined to provide details when asked about purchases yesterday. —AFP



BEIJING: US Ambassador to China Terry Branstad, left, applauds as Chinese Vice President Wang Qishan is introduced at an event commemorating the 40th anniversary of the establishment of diplomatic relations between the United States and China at the Great Hall of the People in Beijing. —AFP

ECB charts uncertain course through shifting risks

FRANKFURT AM MAIN: European Central Bank chiefs went ahead and halted a key element of their economic stimulus program despite a complex, shifting array of risks to growth, an account of their December meeting showed yesterday. Looking ahead, "it was underlined that the situation remained fragile and fluid, as risks could quickly regain prominence or new uncertainties could emerge," the central bank chiefs and ECB board members judged.

That was true even if for now "certain downside risks—regarding trade tensions, emerging markets, US monetary policy and developments in sovereign bond markets in the euro area—had receded," they added. Policymakers agreed in December to halt net purchases of government and corporate bonds at the end of 2018 after three years and 2.6 trillion euros.

Designed to pump cheap money through the financial system, boosting growth and in turn inflation, the "quantitative easing" (QE) scheme was judged a success by ECB chief Mario Draghi in his press conference following the meeting. "In some parts of this period of

time, QE has been the only driver of this recovery," he said. ECB staff forecasts issued last month now see inflation on track towards the central bank target of just below 2.0 percent by 2021, although the Frankfurt institution trimmed its expectations for GDP growth.

But the December account shows major concerns weighing on central bankers' minds, including "the frequently changing state of discussion on trade issues." Little progress has so far been made on attempts to transform a temporary US-EU tariff truce into a more permanent deal while the economy continues to suffer the fallout from Washington's trade confrontation with Beijing.

Meanwhile deadlock in the British political system is swelling the risk of a chaotic withdrawal from the EU as Brexit day on March 29 draws nearer. Although Turkey and Argentina had stabilised after major wobbles earlier in 2018, "vulnerability related to others was already looming," the bankers noted. "The current environment could be described as one of 'risk rotation' in a state of generally heightened uncertainty," they summed up.

Looking ahead, the ECB governing council backed the board's plan to reinvest the proceeds of its massive bond pile for the foreseeable future and to keep interest rates low "at least through the summer" of this year. With those two tools at their limits, there is little further room for the ECB to juice the economy if a harsher slowdown than expected kicks in. Against that background, "the suggestion was made to re-visit the contribution of targeted longer-term refinancing operations," cheap loans to banks conditional on onward lending to firms and households, the account noted. —AFP

Iran to not comply with illegal US sanctions

BAGHDAD: Iranian Oil Minister Bijan Zanganeh said yesterday US sanctions against his country were "fully illegal" and Tehran would not comply with them. "We believe that we should not comply with the illegal sanctions against Iran," Zanganeh told a joint news conference in Baghdad with his Iraqi counterpart, Thamer al-Ghadhban. Zanganeh also said Iran would not discuss the volume or destination of its oil exports while it remained under US sanctions.

"We have discussed today how to improve cooperation with Iraq on different aspects, especially on oil issues," Zanganeh said. Ghadhban, who also said the discussions had touched on energy issues, added that Iraq had not yet reached an agreement with Iran to develop joint oilfields. He said a decline in global oil prices had stopped and that he expected them to rise gradually.

The Organization of the Petroleum Exporting Countries, of which Iran and Iraq are members, and its Russia-led allies agreed on Dec 7 to cut output by more than expected, despite pressure from US President Donald Trump to reduce oil prices. The OPEC deal had hung in the balance on concerns that Iran, whose crude exports have been depleted by US sanctions, would receive no exemption and block the agreement. Ghadhban said any decision relating to future OPEC cuts would depend on monitoring price developments. —Reuters