

China imposes steel tariffs in response to US measures

AFP, Geneva

China imposed on Friday its own tariffs on nine types of steel imports to protect its market in response to highly-controversial US tariffs on some steel imports adopted in March.

China notified the World Trade Organisation (WTO) that it would impose the provisional measures ranging from seven to 26 percent and lasting 180 days at the start of the week, Chinese diplomatic sources said.

It indicated that developing countries would be exempt from the measures and that it would carry out an inquiry on steel imports into China, trade sources said.

Beijing has taken the action to

protect its market from an deluge of steel products diverted from the US market because of Washington's steel tariffs of up to 30 percent.

China became a member of the 144-strong WTO, based in Geneva, last December.

On March 20, Washington adopted for three years its tariffs of between eight and 30 percent on 14 categories of steel imports to help boost its ailing steel industry.

The European Union has also adopted its own steel tariffs following the US' move. Its measures affect 15 products to be hit with tariffs of between just under 15 percent and 26 percent when imports overreach a certain quota and to last for a 200-day period.

China's measure will also only

apply to steel products above a certain quota while those within the quota face the current tariff levels.

The Chinese Ministry of Foreign Trade and Economic Cooperation (MOFTEC) said statistics showed a significant surge of steel imports to China since the start of the year.

This had caused quite serious damage to the Chinese domestic steel industry, it said.

Diplomatic sources said that Japan had asked on Friday for clarifications from Beijing about its steel tariffs under the WTO's safeguard agreement. But the process was not with a view to demanding compensation from China, they added.

Japan and South Korea meanwhile have also expressed concern

about the new restrictions to the Chinese market.

Seoul has already warned that the US measures risked creating a "spiral of protectionist measures" saying the Chinese reaction was just the latest in a series of restrictive moves on steel since the US measure began.

China has already begun consultations with the US, along with seven other WTO members, over Washington's steel tariffs under the global trade body's dispute settlement process.

In addition, it has drawn up a list amounting to 94 million dollars (102 million euros) of US products which could face retaliatory tariffs if WTO experts judge the US measures to be inconsistent with trade rules.

Senate grants Bush broad trade powers with limits

AFP, Washington

The US Senate granted President George W. Bush broad trade negotiating powers, but stopped short of granting his administration complete free rein in cutting international trade deals.

In the landmark 66 to 30 vote Thursday, lawmakers granted the White House Trade Promotion Authority, formerly known as 'fast-track', for the first time since 1994. The special trading powers last until 2005, renewable for two years.

However, the bill carries what several Republicans consider a "poison pill" amendment allowing Congress to remove provisions of any new trade agreements negotiated by the president's team that could overrule existing US trade

laws protecting US domestic industries.

The White House has threatened to veto the bill if it includes the amendment by the time the legislation arrives at the president's desk.

In a statement immediately after the vote, Bush said that the approval "is a critical step in advancing America's trade and strengthening the US economy."

The measure "will give me the flexibility I need to secure the greatest possible opportunities for American workers, consumers, families and farmers."

"I urge the House and Senate to convene a conference committee immediately so they can resolve their differences and send me a Trade Promotion Authority bill I can sign at the earliest opportunity," the

statement read.

Lawmakers applauded the legislation.

"It's a landmark bill because it not only modernizes our trade policies, it also is balanced," said Senator Max Baucus, chairman of the Senate Finance committee, referring to aid included in the legislation for trade-displaced US workers.

And US Trade Representative Robert Zoellick he was "delighted" by the Senate's decision, saying the bill "affirms and advances the president's initiative to open markets."

"Open trade is at the foundation of President Bush's strategy to advance hope, opportunity, prosperity, and the rule of law to benefit Americans and others around the world," Zoellick said.

ANA suffers loss, blames impact of US terror attacks

AFP, Tokyo

Japan's second largest airline All Nippon Airways Co. Ltd. (ANA) said Friday its earnings took a nose dive as demand for international flights plunged after the September 11 terror attacks in the United States.

The company suffered a net loss of 9,456 million yen (71.6 million dollars) in the year to March, down sharply from a net profit of 40,286 million yen the previous year.

Pre-tax profit stood at 1,400 million yen, down 97.8 percent from 63,537 million yen last year. Sales fell to 1,204.5 billion yen, down 5.9 percent from 1,279.6 billion yen.

"As regards international flights... both holiday and business demand sharply deteriorated after the terrorist attacks" of September 11, 2001, ANA said.

French economy grows 0.4pc

AFP, Paris

The French economy grew by 0.4 percent in the first quarter, but by 1.8 percent last year instead of 1.9 percent estimated earlier, the official statistics institute INSEE reported on Friday.

Household spending in the first quarter of this year showed an increase of 0.2 percent from the figure for the previous quarter, and consumption by public administrations by 0.1 percent.

Overall investment rose by 0.2 percent and contributed 0.1 percent to growth.

Exports and imports had risen, exports by 2.1 percent having fallen by 2.4 percent in the fourth quarter of last year and imports by 2.3 percent having fallen by 3.2 percent.

Variations of stocks contributed 0.1 percentage points to growth having made a negative contribution of 0.9 points in the fourth quarter.

INSEE said that in the last quarter of last year gross domestic product had declined by 0.4 percent instead of by 0.3 percent previously estimated and that in the second quarter by 0.1 percent instead of being flat.

Energy talks with Russia may reduce US dependency on ME

AFP, Moscow

Russian and US presidents Vladimir Putin and George W. Bush agreed Friday to launch a "new energy dialogue" that could reduce US dependency on Middle East oil supplies and provide a major boost to the Russian economy.

"World economic growth depends on the stability and reliability of energy supplies," they said in a joint statement.

Russia is "one of the biggest world energy suppliers, and in order to increase international energy security and (market) stability, we have agreed to launch a bilateral energy dialogue," the statement said.

Enhanced Russia-US cooperation in the energy sector would reduce US dependency on the volatile Middle East and the major OPEC (Organisation of Petroleum Exporting Countries) suppliers and have a stabilising effect on world prices.

In return Russia, already the world's second largest supplier of crude after Saudi Arabia, would regain some of the market share it lost with the collapse of the Soviet Union and receive a major boost to

its economy.

The statement envisages increased US investment in oil and gas prospecting and extraction in Western Siberia and in Russia's Far East and Pacific coast regions, along with modernisation of Russia's refining and transportation structures.

However observers said the agreement was unlikely to give rise to an immediate surge of Russian oil on the US market.

Russian oil exports to the United States currently account for just 0.2 percent of the market, compared with 20 percent for Saudi Arabia and 14 percent for Venezuela.

Considerable time will be necessary to develop supply routes and modernise Russian ports.

The construction of new pipelines would lead to a sharp rise in US investment in the Russian oil industry and enable it to regain the levels it achieved during the Soviet era.

US investment in the Russian energy sector has been modest, hamstrung in part by restrictions arising from the Trade Department's refusal so far to grant Russia recognition as a market

economy and by the Jackson-Vanik amendment that also denies it favourable trade terms.

Movement to ease these restrictions was apparent at the Moscow summit where Bush said he would urge the US Congress to remove Russia from the Jackson-Vanik amendment, an item of Cold War legislation designed to punish the Soviet Union for limiting the emigration of Soviet Jews.

The US Trade Department is due to take a decision on granting Russia market economy status by June 14, according to Russian Economic Development Minister German Gref, as quoted by the Interfax news agency.

And although nothing is guaranteed, analysts said a rapid increase in Russian-US cooperation in the energy sector, in particular petroleum, would be of immense benefit to both sides.

"Russia produces excess oil and the United States needs it. Longer-term understanding over oil delivery would be an elegant way of undermining OPEC, limiting oil price stability and providing stability to the Russian budget," said Roland Nash of the Renaissance Capital investment group.

S'pore, Australia end 7th round of free trade talks

AFP, Singapore

Singapore and Australia ended a seventh round of talks for a free trade agreement here Friday, Singapore's trade ministry said.

"Both sides engaged in constructive discussions on a range of issues such as trade in goods, trade in services, investment, financial services, government procurement, competition and intellectual property," the ministry said in a statement.

The next round of negotiations will be held in Australia in July, it added.

Singaporean and Australian leaders agreed 18 months ago to further liberalise trade between the two countries.

However, talks became bogged down late last year over the key issue of improving market access to Singapore's services sector, particularly for telecommunications, financial services, education and law firms.

Officials say Australia wants improved access for telecoms firms so they can compete on a firmer basis with SingTel, Singapore's dominant firm which now owns Australia's number two in the sector, Optus.

Asian telecom firms to outperform world

Lehman Brothers says

AFP, Singapore

Asian telecoms firms will outperform their global competitors due to their competitive prices and sound investments, global investment bank Lehman Brothers said Friday.

"Asian telecoms will remain more stable than their European and US (counterparts)," Dalip Awasthi, Lehman Brothers head of Asian credit research told delegates at a credit conference here.

The US telecommunications industry has had a "disastrous" performance while Europe was only beginning to catch up, he said.

"We are very comfortable with the operating profile of all the major telecom companies in Asia... if we look at the balance sheets, they are very clean," Awasthi said.

He cited Singapore Telecommunications Ltd. (SingTel) and Hong Kong conglomerate Hutchison Whampoa as stable companies "on the right side of Asian telecoms."

South Korea, Singapore and Hong Kong had the lowest fixed line costs in the world at under 20 US dollars a month but "they have margins which are among the best in the world," he said.

"(This) shows that Asian companies... are very well run."

Cash-rich Asian telecoms firms had the capital to invest in mobile and high speed Internet technology, which are expected to catch on in the region's more advanced economies like Hong Kong, South Korea and Malaysia.

South Korea, Singapore and Hong Kong already enjoy higher Internet broadband penetration rates than the United States and Australia.

Asian telecoms firms had also made sound business decisions, Awasthi said, citing Hutchison's investments into ports, property, retail, telecommunications and infrastructure not just in Asia but also in Europe and the US.

He also praised SingTel's decision to take stakes in key Asian carriers like Indonesia's PT Telekomunikasi, Globe Telecom of the Philippines, India's Bharti Group, Thailand's Advanced Info Service and New Century Infocomm of Taiwan.

"Even though smaller than global competitors, it is a very clean company," he said of SingTel, adding that "every one of their investments has been a winner."

ECB remains very vigilant about inflation

AFP, Milan, Italy

The European Central Bank remains very vigilant about inflation which is running above its target of 2.0 percent and is ready to act, ECB vice president Christian Noyer said here on Friday.

Noyer told the newspaper Il Sole 24 Ore: "The expected fall to less than 2.0 percent has been obstructed by various factors. There is no cause for alarm but we must be extremely vigilant."

"If necessary the ECB is ready to act to be sure that the inflation index falls below 2.0 percent."

Data from the European Union statistics office Eurostat has shown that in April inflation was 2.4 percent on a 12-month basis.

Noyer also said that he believed "the trend for the euro today is to strengthen against the dollar, mainly because the United States is registering a net deficit on its current account while the situation in the euro zone is more balanced".

Regarding growth, he said that "available data so far does not give a clear picture".

Uncertainty remained about the strength of the recovery."

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