Facebook, Twitter, Alphabet to testify at US House hearing

REUTERS, Washington

The US House Judiciary Committee will hold a hearing on Tuesday to take testimony from Facebook Inc, Alphabet Inc's YouTube unit and Twitter Inc on whether social media companies are filtering content for political reasons, the committee chairman said.

Conservative Republicans in Congress have criticized social media companies for what they claim are politically motivated practices in removing some content, a charge the companies have rejected.

House Judiciary Committee chairman Bob Goodlatte said in a statement on Friday that he was pleased the companies will send experts "to answer questions on their content moderation practices and how they can be better stewards of free speech in the United States and abroad." Twitter declined to comment. Facebook on Friday confirmed they would participate but declined further comment. Alphabet did not immediately comment.

Facebook's head of global policy management Monika Bickert, Youtube global head of public policy and government relations Juniper Downs and Twitter's senior strategist Nick Pickles will testify, the committee said. The committee held a hearing in April on the same topic after representatives of the companies skipped it.

Republicans repeatedly suggested at the hearing that the companies are censoring or blocking content from conservatives, a charge the companies rejected. Lawmakers from both parties agreed tech companies must remove illegal content like fraud, piracy and sex trafficking but differed on whether they should remove objectionable content.

Goodlatte said "while these companies may have legal, economic, and ideological reasons to manage their content like a traditional media outlet, we must nevertheless weigh as a nation whether the standards they apply endanger our free and open society and its culture of freedom of expression."

RADISSON BLU CHITTAGONG BAY VIEW

Robin Edwards, general manager of Radisson Blu Chittagong Bay View, poses with the "Responsible Business Hotel of the Year, Asia Pacific 2017" award presented by Radisson Hotel Group at Radisson Golf & Convention Centre Batam in Indonesia recently.

China economic growth eased slightly in Q2

AFP, Shanghai

Chinese growth slowed only slightly in the second quarter as the impact of the deepening trade conflict with the United States was yet to kick in, according to analysts surveyed by AFP.

China is expected to announce that the world's second-largest economy expanded 6.7 percent in April-June when it releases gross domestic product figures on Monday, a survey of 13 economists found.

That would be down 0.1 percentage point from the previous three quarters.

Economists said the months-long threat of tit-for-tat tariffs on tens of billions of dollars of trade goods between the world's two biggest economies -- which officially came into force last week -- would not have a significant impact until next year, if the row continues.

The Trump administration implemented duties on $34 billion in goods on July 6, with China immediately taking dollar-for-dollar counter-measures.

Washington raised the stakes this week by threatening to impose fresh tariffs on another $200 billion in Chinese goods, with Beijing vowing it would retaliate once again.

Exports are still a significant chunk of China's economy and the total tariffs implemented or announced by Washington target a vast range of goods, including cars, machinery, electronics and consumer appliances.

If Trump follows through with his latest threats, the US would have imposed tariffs on around half of China's total exports to the country.

Capital Economics said the cumulative impact of the measures now on the table could potentially reduce China's overall economy by 0.5 percentage points, but that the impact could deepen if the battle escalates. With a smaller share of US imports to retaliate against, Beijing is seen ultimately as having a weaker hand.

If a full-blown trade war develops, China may have to retaliate in services, investment, and by potentially erecting new hurdles for US corporations operating in China, said Liao Qun, chief economist with Citic Bank International.

"The real impact will start to show next year. And if it is a full-blown trade war, in the worst case scenario, China's GDP growth could fall below five percent," Liao said.

Tianjie He of Oxford Economics said the economic growth rate could shrink by 0.2 percentage points if the US were to go ahead with the additional $200 billion in tariffs and China retaliates.

"In addition to the impact on GDP growth, the added uncertainty is already dampening business confidence and delaying investment globally. Overall, the trade war will weigh on growth, confidence, financial markets and supply chains," He said.

The key Shanghai Composite Index has already fallen 14 percent this year amid the turbulence.

Liao added that over the short term China -- which has waged a campaign to discourage excessive credit amid fears of ballooning debt -- is likely to shift gears slightly and loosen monetary policy to keep the economic growth rate up and may offer subsidise to exporters.

Over the longer-term, the China-US trade war could spur Beijing to super-charge its current push to encourage domestic demand as a proportion of the economy, a strategy taken in part to lessen exposure to the rise and fall of global export demand.

REUTERS/FILE

A man works on a guitar at a factory inside a guitar industrial park in Zunyi, Guizhou province, China.

JPMorgan profit tops expectations

REUTERS

JPMorgan Chase & Co's quarterly profit topped Wall Street's expectations on Friday, as trading revenue came in much higher than expected and demand for loans increased on the back of a strengthening US economy.

US banks are benefiting from a cut in corporate tax rates, hikes in interest rates and a growing economy that is driving demand from borrowers while holding down loan loss rates.

"We see good global economic growth, particularly in the US, where consumer and business sentiment is high," Chief Executive Officer Jamie Dimon said.

Overall, the bank's revenue rose 6.5 percent to $28.39 billion and topped the average analyst estimate of $27.36 billion, driven by growth in all four of the bank's businesses.

Shares of the largest US bank by assets were up 1 percent in premarket trading.

JPMorgan's quarterly reports are closely watched for signs about the health of consumers and businesses as the lender plays a major role in several businesses, such as home mortgages, commercial lending and asset management.

EU takes anti-Trump trade show to China and Japan

AFP, Brussels

The European Union's top officials will meet the leaders of China and Japan next week to boost ties in the face of fears that US President Donald Trump will spark an all-out global trade war.

The trip by EU Council President Donald Tusk and Commission head Jean-Claude Juncker includes the signing of a free trade deal with Japan, which was moved from Brussels last week because Japanese premier Shinzo Abe was dealing with deadly floods at home.

Their Asian tour comes as the EU -- which, with 28 countries and 500 million people is the world's biggest single market -- tries to forge alliances in the face of the protectionism of Trump's "America First" administration.

European Commission spokesman Margaritis Schinas said the "landmark" Japan deal was "the biggest ever negotiated by the European Union".

"This agreement will create an open trade zone covering nearly a third of the world's GDP," Schinas added.

In China on Monday, the two leaders will meet with President Xi Jinping and Premier Li Keqiang to discuss their shared tensions with Washington, having both recently announced new tariffs on US goods in retaliation for measures imposed by Trump.

They are expected to reaffirm their support for the rules-based international order, including the World Trade Organization, which faces unprecedented criticism from Trump's administration.

The leaders will also discuss climate change -- another area on which the EU is in disagreement with Trump after he pulled out of the Paris climate deal -- and nuclear issues in North Korea and Iran, Schinas said. But the EU and China will have to smooth over existing differences over Beijing's own restrictive market practices including the "dumping" of cheap Chinese imports, especially steel.

Some of those concerns are shared by Washington.

The EU recently pushed through measures targeting China that were intended to offset the consequences of granting China so-called market economy status at the WTO, which will make it more difficult to prove and punish illegal trade practices by Beijing.

In Tokyo, talks will also focus on presenting a united front against the United States over its tariffs, with the Japanese government having slammed them as "extremely deplorable".

The EU-Japan deal was hailed recently as a "strong signal to the world" against US protectionism by EU Trade Commissioner Cecilia Malmstrom, who is travelling with Juncker and Tusk to Asia.

Abe was originally due to come to Brussels to sign the deal last week, but he called off the trip after flooding and landslides in Japan that killed more than 200 people.

US Fed sees tax cuts boosting spending, offsetting oil price rise

AFP, Washington

The US tax cuts will boost business and consumer spending this year, offsetting the hit to individual wallets from rising fuel prices, the Federal Reserve said Friday.

The increase in oil prices also should attract more investment to the sector, which will boost growth, according to the Fed.

In its semi-annual report to Congress, the Fed was upbeat about the US economy and saw few concerns about inflation but noted the risk to the global economy from "an intensification of trade tensions."

US central bankers have for months flagged the rising concerns among businesses nationwide over the aggressive trade policies pursued by President Donald Trump. They have cautioned that such policies could pose a risk to US growth.

Despite the rapid increase in oil prices over the past year, the Fed said the impact on economic growth was less than it once was.

"Although higher oil prices are likely to restrain household consumption in the United States, much of the negative effect on GDP from lower consumer spending is likely to be offset by increased production and investment in the growing US oil sector," the report said.

"Consequently, higher oil prices now imply much less of a net overall drag on the economy than they did in the past."

And the tax cuts have boosted disposable income and "should lead to increased private consumption and investment," which will support growth.

US GDP slowed in the first three months of the year but is expected to have expanded by as much as four percent in the second quarter.

Fed Chair Jay Powell is set to testify before Congress on Tuesday and Wednesday to answer questions about the state of the economy and how the central bank views the path of interest rates.

In an interview with NPR on Thursday, Powell noted the benefits of the global trading system to the US economy which he said had been served "very well" by lower tariffs.

He cautioned that if the trade disputes led to "high tariffs on a lot of products and a lot of traded goods and services...that could be a negative for our economy."

The report cited as one potential downside risk to international financial markets the "intensification of trade tensions and challenges posed by rising interest rates."

The Fed raised the benchmark lending rate in March and June and is expected to raise rates twice more this year.

But the central bank did not seem overly concerned about inflation, which is running right around the two percent target, since wages are rising only moderately even though labor markets are tight.

Rising lumber prices and a shortage of skilled labor have been "restraining home construction," the report said.

India's regulator proposes tighter rules for auditors

REUTERS, Mumbai

India's capital market regulator has proposed amendments to tighten laws governing auditors and other third-party individuals hired by listed companies for auditing financial results, among other things.

The Kotak Committee, formed to come up with proposals for improving corporate governance, last year recommended that the Securities and Exchange Board of India (SEBI) should have clear powers to act against auditors and other third-party individuals or firms with statutory duties under the securities law.

Auditing lapses have caused several frauds to go unnoticed for years and the capital market regulator has had no direct control on the auditing firms.

SEBI has proposed giving the board of directors of the company the authority to take appropriate action after conducting an investigation against the individual or firm that violates any regulations or submits a false certificate or report. The proposed changes come months after Punjab National Bank, India's second largest state-run lender, stunned markets after uncovering a $2 billion loan fraud that had gone undetected for years.

Merchant bankers, credit rating agencies, custodians, among others, are registered and regulated by SEBI but chartered accountants, company secretaries, valuers and monitoring agencies do not come under any direct regulators. The amendments would mean auditors must ensure certificates or reports issued by them are true in all material respects and they must exercise all due care, skill and diligence with respect to all processes involved in issuance of the report or certificate.

The auditors would be responsible to report in writing to the audit committee of the listed company or the compliance officer on any violation of the securities law they noticed.

In January, SEBI barred Price Waterhouse from auditing listed companies in India for two years after an investigation into a nearly decade-old accounting fraud case in a software services company that became India's biggest corporate scandal.

SEBI has sought feedback and comments on the draft regulations over the next 30 days.

India's trade deficit widens to 5-year high

REUTERS/FILE

Fishermen carry bluefin trevally fish locally known as Vatta as a cargo ship carrying containers moves in the Arabian Sea in Kochi, India.

REUTERS, New Delhi

India's trade deficit widened to its highest in more than five years in June, the trade ministry said on Friday, driven largely by a surge in oil prices and a weaker rupee.

Though merchandise exports rose 17.57 percent year-on-year in June, the trade deficit widened to $16.6 billion from $14.62 billion in May. Oil imports rose 56.61 percent to $12.73 billion.

The oil import bill of India, the world's third biggest crude importer, rose sharply with global oil prices amid concerns that US sanctions against Iran would remove a substantial volume of crude oil from the world markets. Washington, which had pulled out of the 2015 nuclear deal with Iran, is pushing countries to halt imports of Iranian oil from November.

India's trade balance is further bruised by a weakening Indian rupee that hit an all-time low against the dollar last month.

The depreciating rupee and a widening trade deficit pose a challenge for Prime Minister Narendra Modi, who is aiming to boost economic growth ahead of national elections, due early next year.

Late last month, Subhash Chandra Garg, the economic affairs secretary in the finance ministry, had said the trade deficit was expected to widen but the outlook was unclear.

"We are not even certain what kind of a storm it is or even if it is a storm or whether it will turn out to be a storm," Garg said.

"Oil has played a spoilsport in both imports and exports. It has incrementally added $1.23 billion on imports and simultaneously a reduction in petroleum exports has been of $1.17 billion on month," said Shubhada Rao, chief economist at Yes Bank Ltd in Mumbai.