

Trade war: signs of progress in US-China talks

AFP, Washington

Though markets are on edge and the arrest of a top Chinese executive threatened to spark a crisis, there are signs the US-China trade war can be resolved without further collateral damage to the global economy.

The whole world is watching the talks between Washington and Beijing, hoping a 90-day tariff truce will hold and the sides can end a dispute that threatens hundreds of billions of dollars in trade.

In recent days the small signs of progress, and perhaps more importantly the absence of new threats from President Donald Trump, have cheered investors worldwide, reversing some of the bloodletting that erased all of 2018 gains on Wall Street.

And the arrest in Canada of a senior Huawei executive amid US charges the company violated sanctions on Iran raised fears the renewed tensions could disrupt the talks -- but so far this does not seem to have happened.

"What is clear is that both President Trump and the Chinese are trying to separate the issues," said Edward Alden, a trade expert at the Council on Foreign Relations.

In fact, Beijing on Friday announced that starting January 1 it would suspend the additional punitive tariffs on US autos imposed in retaliation for Trump's tariffs on China, cutting them to 15 percent from 40 percent.

And the talks last week produced reports the country would restart purchases of soybeans from American farmers and ease investment rules for US companies.

"China wants to make a big and very comprehensive deal. It could happen, and rather soon!" Trump tweeted on Friday, applauding the decision on car tariffs.

The ceasefire began after Trump met with



REUTERS/FILE

US President Donald Trump and China's President Xi Jinping shake hands after making joint statements at the Great Hall of the People in Beijing.

Chinese leader Xi Jinping in Buenos Aires on December 1 and agreed to hold off on further tariffs or retaliation at least until March 1.

That means Trump will hold off on plans to more than double import taxes on \$200 billion in Chinese goods at the start of the year and will also refrain from imposing tariffs on the remaining \$246 billion in Chinese products the United States imports each year.

Trade experts and observers agree the timeframe will not allow for a comprehensive trade pact between the world's two biggest economies.

Instead they say they hope to see a deal to roll back the tariffs and continue negotiations on the Chinese policies that have long been irritants to relations with

Washington: forced transfer or theft of American technology, restrictive investment rules and industrial subsidies.

"You can't solve every problem with China in 90 days, but progress could be made institutionalizing" changes to Beijing's policies, Jake Colvin, vice president of the National Foreign Trade Council, told AFP.

But he cautioned that both sides "need to figure out a path to a win-win outcome. They both need to be able to say they gained something."

US Trade Representative Robert Lighthizer is leading the negotiating team, which includes Treasury Secretary Steven Mnuchin and White House trade advisor Peter Navarro.

"The basic problem here is that the

United States and China don't trust each other," Alden told AFP.

"The best hope is a partial deal that addresses some of the US concerns and then the negotiations to continue while the progress is closely monitored."

Navarro, an anti-China firebrand, last week warned that US negotiators would hold "tough" with China, and said the key would be to "trust but verify."

But he also cautioned against watching day-to-day reports instead of focusing on March 1, "when we'll have a complete offer from China."

Ironically, that would put the two sides essentially back where they started before Trump took office.

Washington and Beijing had for over a decade conducted regular trade negotiations to resolve disagreements, and when progress was slow -- a frequent complaint -- or talks failed, the United States filed complaints with the World Trade Organization.

But Trump, who uses uncertainty as a core negotiating strategy, jettisoned diplomacy and went straight to hardcore tactics. He takes credit for bringing Beijing to the table and for raising \$11 billion in tax revenue from the tariffs.

However, he seems to ignore the fact the taxes were paid by US businesses and consumers, not by China, and the trade battle already has had an impact on the US and Chinese economies, in addition to stock markets.

Still, the fact that Trump put Lighthizer -- a veteran of 1980s trade talks with Japan -- in charge of the negotiations is seen as a good sign.

"Bob Lighthizer is the only serious trade negotiator this administration has," Alden said. "And there is more substantive progress in the past two weeks than there was in the previous two years."

Europe must fight illiberal forces, Draghi warns

REUTERS, Pisa, Italy

The spread of illiberal ideology is threatening the euro but it is an illusion that leaving it would offer an easier path, European Central Bank President Mario Draghi said on Saturday.

Warning that a half-finished monetary union could be at risk in the next crisis, Draghi made the case for sweeping changes in how the currency bloc operates and spreads around financial risk.

"The fascination with illiberal prescriptions and regimes is spreading; we are seeing little steps back in history," Draghi said in Pisa, Italy.

"Only by continuing to make progress, freeing up individual energies but also fostering social equity, that we will save (the European Project) through our democracies, with a unity of purpose," he added.

Anti-establishment and often populist parties have made political headway across the globe in recent years, challenging the principles of open trade, multilateral cooperation and even democracy.

Draghi, credited with saving the euro in the worst of Europe's crisis, called for deeper private risk sharing, the completion of the banking and capital market unions and argued for euro-wide backstops that could help the bloc's weaker members in case of market stress.

Large institutional reforms have essentially stalled in recent years, mostly due to resistance from Germany, which fears that its taxpayers could be asked to foot the bill for the fiscal irresponsibility and excesses of weaker euro members.

"Without appropriate backstops at the euro area level, individual countries in a monetary union can be exposed to self-fulfilling dynamics in sovereign debt markets," Draghi said in a likely warning to Italy, which has seen sharply higher borrowing costs amid a spat with the EU over spending plans.



Mario Draghi

Opec has shown it can reach deal despite splits

Iran minister says

REUTERS, Dubai

Iranian Oil Minister Bijan Zanganeh praised Opec on Saturday for what he said was the producer group's ability to reach agreement despite intense internal political differences.

The Organization of the Petroleum Exporting Countries 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 the price of crude.

"OPEC ... has shown the capacity in which members can hold talks and reach important results regarding their common interests despite having the most intense political disputes or even military conflicts (such as during the Iran-Iraq war)," Zanganeh said on Twitter.

The OPEC deal had hung in the balance for two days -- first on fears that Russia would cut too little, and later on concerns that Iran, whose crude exports have been depleted by US sanctions, would receive no exemption and block the agreement.

Shenzhen, China's reform pioneer, leads tech revolution

AFP, Shenzhen, China

The southern city of Shenzhen is the symbol of the transformative reforms launched by China 40 years ago: former fishing villages that morphed into a global manufacturing hub.

Today Shenzhen is again at the heart of a new policy aimed at turning China into a hi-tech innovator and shed its reputation as an assembly line for foreign companies or -- worse -- an imitator.

Modern skyscrapers housing corporations and ambitious startups tower over the mega-city of 13 million people -- among them is Wu Yebin, 35, who runs his own tech firm from his 35th floor office.

His own story mirrors those of countless others who have risen from modest backgrounds following the reforms spearheaded by late paramount leader Deng Xiaoping, which the Communist Party ratified on December 18, 1978.

The son of poor farmers, Wu arrived in the city in 2005 and over the years he assembled devices similar to Apple's iPad or MacBook, joining Shenzhen's army of people making "shanzhai" -- creative knock-offs of foreign electronics affordable for local population.

"Germany, the United States, Japan, South Korea... All developed countries have done this to develop their

manufacturing industry," Wu said. "You have to do that to gain experience."

While this economic model used to be "very popular, it is no longer viable today," he said.

He now leads his own electronics firm, MeegoPad, which boasts an annual turnover of \$28 million making products such as miniature PCs.

"We are now very attached to intellectual property and patents," Wu said.

Shenzhen, which lived off fishing and rice paddies, became a testing ground for Deng's reforms when it was designated as the country's first Special Economic Zone in 1980.

It grew into a massive manufacturing centre, with factories churning out gadgets, computers and phones for foreign firms, which today include Apple and Samsung.

Today China's own global corporations, such as telecom company Huawei and internet giant Tencent, have made Shenzhen their headquarters and the city of tens of thousands of factories is dubbed the "Silicon Valley of Hardware".

The metropolis is now seeking to reinvent itself as the home of Chinese innovation, in line with Beijing's "Made in China 2025" plan to dominate key hi-tech industries such as robotics, electric vehicles and artificial intelligence.

"China is becoming a world leader in this field," Wu said. "Shenzhen is turning into a meeting point for creative engineers from around the world." Now talent from abroad is flocking to Shenzhen.

Meng Jie, who is French and in his 30s, left California's Silicon Valley in 2017 to create Maybe, a company that makes smart speakers that help people learn Mandarin.

"Silicon Valley is still way ahead in artificial intelligence. But you can find the electronic or mechanical component you need three times faster in Shenzhen," Meng said.

"It's like going from a road to a motorway," he said.

Pointing to the skyscrapers outside his office, he said: "People see Silicon Valley as the tech Mecca. They underestimate Shenzhen a lot because they don't know what's happening here."

"This place was just sand and water 20 years ago. In 10 years, Shenzhen will be a very important world city. It will be the capital of innovation," he said.

Some of China's hi-tech ambitions are running into suspicions about its intentions abroad, with the United States and others fearing that they pose security and espionage risks.

Telecommunications equipment giant Huawei's own global expansion has faced setbacks, with some of its services rejected in certain Western countries and its chief

Canada Goose delays opening of flagship China store

AFP, Beijing

Canadian clothing brand Canada Goose delayed the opening of a new flagship store in Beijing on Saturday, a decision that comes as Canada and China are locked in a diplomatic standoff.

Famous for its high-end parka jackets, Canada Goose said its new store would not open as planned because of ongoing works.

"I am sorry to inform you that the opening of the Beijing Sanlitun flagship store, which was originally scheduled for Saturday December 15, will be postponed due to renovation works," the company, which is

one of Canada's best-known brands, said on China's Twitter-like Weibo on Friday.

Shop windows and logos had been covered up outside the store. The announcement comes two weeks after Chinese national Meng Wanzhou, the chief financial officer of telecom behemoth Huawei, was arrested in Canada following a request by Washington, which wants her extradited for allegedly violating US sanctions on Iran. In a move viewed by experts as retaliation, two Canadian citizens -- business consultant Michael Spavor and former diplomat Michael Kovrig -- were detained in China on suspicion of "harm to national security", a phrase often used by Beijing when

Fed to hike rates again but hints at pause in 2019

AFP, Washington

The US Federal Reserve is likely to raise interest rates in the coming week but policymakers have begun to signal they may take it a bit slower in 2019.

Waning growth, a trade war, tame inflation and an increasingly scary geopolitical scene mean the central bank could make clear they plan to slow or even pause the current tightening cycle -- instead taking a wait-and-see approach until the economic picture becomes clearer.

Since October, Fed officials have watched Wall Street take a wild ride, alternately diving and rallying as public remarks from Chairman Jerome Powell and others veered between indicating gradual hikes would continue or pause.

In recent days, economists have begun to cut their forecasts for the number of rate hikes they expect next year to just one or two from as many as four.



REUTERS/FILE

A man walks past the Federal Reserve Bank in Washington, DC.

Fed officials in September forecast three increases but that could be revised as well in the new projections to be released Wednesday.

At last month's meeting, members of the Fed's rate-setting Federal Open Market Committee argued they should signal they were close

to the end of the cycle by deleting the words "further gradual increases" from post-meeting statements.

That would mark a significant shift in the Fed's messaging of the last three years that maintained a steady drumbeat telling markets to

expect "gradual adjustments" to rates.

But economists say the Fed is keenly aware of the specter of slowing growth in China and Europe, a chaotic British exit from the European Union, political turmoil in France and Italy's budget woes.

In the United States, job growth has remained strong this year but inflation has settled at the Fed's two percent target, despite fears the strong economy might ignite prices.

Add to this the fading boost from recent tax cuts and government spending, and expectations US growth will slow, and the future can seem highly uncertain.

"I share the notion that things are not quite as strong as they looked a few months ago but we don't know anything very definitively," former Fed vice chair Alice Rivlin told AFP.

"I think they're saying, 'We'll be very careful and we'll play it how we see it.'"

Government of the People's Republic of Bangladesh
Local Government Engineering Department
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e-Tender Notice No: 40/2018-2019 (OSTETM)

e-Tender is invited in the National e-GP System Portal (<http://www.eprocure.gov.bd>) for the procurement of works, details in table:

Memo No.	Name of work	Package No.	Tender ID
LGED/XEN/NET/2018/2558 Date: 12-12-2018	Improvement of Hatnaya Chayashi Mollikpur Road with BC from Ch. 00-3000m under Mohonganj Upazila, District: Netrakona (Road ID 372635095)	MRRIDP/18/NET R/MOHA/VR/31	260744 (Re-Tender)

This is an online tender, where only e-Tender will be accepted in the National e-GP Portal and no offline/hard copies will be accepted.

To submit e-Tender, registration in the National e-GP System Portal (<http://www.eprocure.gov.bd>) is required.

The fees for downloading the e-Tender documents from the National e-GP System Portal have to be deposited online through any registered banks' branches up to **03-01-2019 at 12:00 noon**.

Further information and guidelines are available in the National e-GP System Portal and from e-GP help desk (helpdesk@eprocure.gov.bd).

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