

Trump delivers hard line on new China tariffs threat

AFP, Washington

President Donald Trump warned Monday he will slap huge new tariffs on China if his counterpart Xi Jinping doesn't show up for a planned face-to-face meeting later this month and insisted the Chinese economy will never overtake the United States.

Trump delivered his hardline message ahead of the G20 summit on June 28-29 in Osaka, Japan, which could mark a turning point in the trade dispute between the world's two biggest economies.

Asked if a failure by Xi to come to the summit would lead to tariffs kicking in on a further \$300 billion in Chinese imports, Trump told CNBC television: "Yes it would."

Trump said the meeting was "scheduled" and that he expects Xi to attend.

"I would be surprised if he didn't go," Trump said. "I think he's going. I haven't heard that he's not."

However, as US-Chinese tensions mount, a spokesman for Xi's government said last month that he had "no information at present" on Trump-Xi talks.

Trump has been trying to strongarm China into fundamental change on trade policies that the president argues have for decades put the United States at an unfair disadvantage.

The two sides seemed to be close to striking a bargain until talks stalled last month. Washington says that Beijing walked away at the last minute, while the Chinese side has

signaled it is prepared for a long fight against unreasonable demands.

Trump has already imposed 25 percent duties on \$200 billion of Chinese imports. China has responded with punitive tariffs on \$60 billion in US goods.



US President Donald Trump

Last month he threatened to slap tariffs on a further \$300 billion of goods -- virtually everything American companies import from China -- if no breakthrough is achieved.

The US Trade Representative office has launched the process to impose the huge new duties, with a hearing scheduled for June 17 -- but Trump has said he has yet to decide whether he will ultimately impose the levies.

Trump has made tariffs a pillar of his foreign policy, arguing that US economic power puts him in a win-win situation when he threatens rivals like China and even close allies, such as Canada, the European Union and Mexico.

The United States says that China cheats in bilateral trade by forcing US importers to give up intellectual property, subsidizing its own companies, and running a huge trade surplus with Washington.

Trump told CNBC that by ratcheting up tariffs, he can ultimately force manufacturers to leave China.

"Those companies are going to move into other locations and there won't be a tariff," he said.

In a game of tit-for-tat, Trump added, China will lose simply because they have far fewer US imports they can target. "We have the big, big advantage," he said.

"China's going to make a deal because they're going to have to make a deal."

Trump's tariff rattling has spooked global markets and also run into pushback from many in Congress.

But in his lengthy CNBC interview, Trump said he is doing what previous presidents avoided because they "either didn't understand it or they were bored by it or they weren't smart enough."

His overall aim, the Republican said, is to ensure that China never overtakes the United States as the world's top economy.

"Had a Democrat gotten in..., China would have caught us," he said. Now "they'll never catch us."

Amazon embraces US govt business, despite occasional controversy

REUTERS, Arizona

The head of Amazon.com Inc's cloud computing division on Monday said the company would work with any government agency that followed the law, in contrast with rival Microsoft Corp, which has touted its rejection of controversial sales.

"We will serve the federal government, and they will have to use the technology responsibly," Andy Jassy, CEO of Amazon Web Services, said at the 2019 Code Conference after being asked if the company worked with US Immigration and Customs Enforcement. "Any government department that's following the law, we will serve them."

However, Jassy said he hopes that the federal regulators "hurry up", adding that "otherwise, you'll have 50 different laws in 50 different states."

In the past year, Amazon has found itself at the center of a growing debate over the use of facial recognition by governments, with critics warning of false matches and arrests and proponents arguing it keeps the public safe.

Jassy acknowledged that the issue around facial recognition technology was a "real one", but said "just because technology could be misused, doesn't mean you should ban or condemn it."

Law enforcement in Oregon and Florida have used Amazon's face and image ID service, known as Rekognition.

Amazon's approach has differed somewhat from Microsoft's. While the

Windows creator had defended a recent \$480 million hardware contract to supply the US Army, it held off from selling facial recognition when it believed human rights would be at risk.



Microsoft President Brad Smith said earlier this year that the company had rejected a California law enforcement agency's request to install the technology in officers' body cameras and cars, fearing that would lead to innocent women and minorities being disproportionately held for questioning.

Artificial intelligence tools are often trained largely on images of white men.

European banking mergers needed: German bank body

REUTERS, Frankfurt

The head of Germany's BdB banking association said that cross-border mergers in the European banking industry were becoming more of a necessity, given the risks of weakened financial institutions for the euro zone.

"From my point of view, there is no other way (than cross-border M&A)," he said in an interview with business daily Handelsblatt published on Tuesday.

"It would be something positive. Strong European banks will be good for the European economy."

Over the past twelve months, many of the leading European banks lost around a

quarter of their market capitalization in a difficult interest rate environment, while their US rivals were in a better situation which meant they were getting access to more transactions, he said.

He dismissed a question about the possibility of German banks being swallowed by US competitors. US banks had a bigger core market at home in which to grow whereas a takeover in Europe would be expensive, he said. "It does not seem to be on the agenda," he said.

Merger talks between Commerzbank and Deutsche Bank failed earlier this year but merger speculations are continuing about them and other institutions in search of cost reductions and greater joint clout.

Japan's Tokyo Electron, the world's No.3 supplier of semiconductor manufacturing equipment, will not supply to Chinese clients blacklisted by Washington, a senior company executive told Reuters.

The decision shows how Washington's effort to bar sales of technology to Chinese firms, including Huawei Technologies, is ensnaring non-American firms that are not obliged to follow US law.

China, which is locked in a crippling trade war with the United States, is pushing to build its semiconductor industry to reduce its reliance on US, Japanese and European suppliers for chip-making machinery.

"We would not do businesses with Chinese clients with whom Applied Materials and Lam Research are barred from doing business," the executive said, referring to the top US chip equipment firms.

"It's crucial for us that the US government and industry see us as a fair company," he said, citing Tokyo Electron's long US partnership since the 1960s, when it started off as an importer of US equipment.

He did not want to be named

Japanese chip gear supplier to honour US blacklist of China firms

REUTERS, Tokyo

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Chinese and US flags are set up for a signing ceremony during a visit by US Secretary of Transportation Elaine Chao at China's Ministry of Transport in Beijing.

REUTERS/FILE



memory chipmaker Fujian Jinhua Integrated Circuit Co is currently on a list of entities that cannot buy technology goods from US firms. Fujian Jinhua did not respond to an emailed request for comment. A handful of other Chinese companies and research institutions are on a 'red list' that US companies have been advised to avoid.

Huawei's chip arm, HiSilicon, is a so-called fabless company focusing on chip design and thus is not normally a buyer of chip-manufacturing gear. But Huawei also faces major risks from non-US suppliers adhering to the US blacklist.

British chip designer ARM, owned by Japan's SoftBank, has halted relations with Huawei, potentially crippling the Chinese company's ability to make new chips for its future smartphones. But Taiwan Semiconductor Manufacturing Co, global leader in chip production and maker of many Huawei chips, has said it would continue to be a supplier to Huawei.

US law specifies that any product comprising 25% or more US content is subject to the US export control restrictions.

UK jobless rate holds at 45-year low

AFP, London

British unemployment has held at a 45-year low, official data showed Tuesday, despite headwinds from Brexit and the slowing global economy.

The unemployment rate remained at 3.8 percent in the three months to April -- the lowest level since the final quarter of 1974, the Office for National Statistics (ONS) said in a statement. The reading was unchanged from the rate in the quarter to March, and matched market expectations.

"All in all, there's very little here to suggest any weakness" in the labour

market, said analyst David Cheetham at online trading firm XTB.

However, he sounded a note of caution about the impact of Brexit and the slowing global economy.

"The overall picture for the UK economy remains one that is far from thriving and looks to be simply treading water to be honest," Cheetham said.

"But given the dual headwinds of ongoing political uncertainty and a slowing global economy, the current level of activity could arguably be viewed as about as good as could be expected under these circumstances."

He did not want to be named

suppliers said they were communicating closely with the Japanese industry ministry.

"We haven't received any specific instructions from the ministry," one of the executives said. "We are aware that we could be in deep trouble if we take advantage of the US export ban to expand businesses with China."

The Tokyo Electron executive did not specify the names of the Chinese clients, but state-backed

suppliers said they were communicating closely with the Japanese industry ministry.

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Apple cancels plans for second data centre in Denmark

REUTERS, Copenhagen

Apple Inc said on Tuesday it had decided to cancel plans for a second data centre in Denmark and the company will expand its other site in the country instead.

Denmark and other Nordic countries have long been a magnet for power-hungry industries because of their renewable energy resources such as hydropower and wind. They are now also attracting tech companies because of the potential to generate electricity relatively cheaply from renewable sources.

Apple had originally planned to build two data centres in Denmark powered by wind and biomass. The first phase of construction of original data centre near the town of Viborg is due to be completed later this year.

"As we near completion of our new Viborg data centre in central Jutland, Denmark, we've decided to focus on growing that site instead of building an additional data centre in Aabenraa," the company said on Tuesday.

Apple said in 2017 that it had bought 285 hectares of land for the second site at Aabenraa near the German border.

Pakistan to present austerity-centred budget following IMF deal

AFP, Islamabad

Pakistan Prime Minister Imran Khan's government was set to present an austerity-focused budget Tuesday, weeks after the country reached an agreement with the International Monetary Fund for a \$6 billion bailout.

The presentation of Khan's first budget comes just a day after the government released the latest round of bleak economic figures for the cash-strapped country, showing growth for the current fiscal year falling to 3.3 percent -- well below the 6.2 percent target.

The release of the figures comes as discontent simmers in Pakistan following repeated devaluations of the rupee, soaring inflation, and increasing utility costs.

The economic pain follows months of failed efforts by Khan's administration to stave off ballooning fiscal and balance of payments deficits, along with low tax yields and mounting debt.

"Prime Minister Imran Khan has committed to... trying to correct things permanently even if we go through hard times for six months or one year or one and a half years," said the country's finance advisor, Abdul Hafeez Sheikha, late Monday.

Earlier Monday, Khan took to the country's airways for the second time in recent weeks to plead with Pakistanis to declare their assets in the latest scheme aimed at increasing tax revenues.

Pakistan has struggled for decades to collect taxes with estimates suggesting that only around one percent of the 200-million strong population filed a return in 2018.

The agreement eked out with the IMF still needs final approval by the fund's board, and it is widely believed the body is waiting for the presentation of the budget before giving the final sign-off.



A Pakistani labourer shifts rice bags at a market in Karachi on June 10.

Analysts have warned the IMF deal would likely come with myriad restrictions that could bridle Khan's grand promises to build an Islamic welfare state, as the country is forced to tighten its purse strings.

Pakistan's increasing economic woes also come as the country is facing possible sanctions from the Financial Action Task Force -- a money-laundering monitor based in Paris -- for failing to rein-in terror financing.

Indian farm group says it planted unapproved GM cotton seeds

REUTERS, Mumbai

An Indian farm group said its members had planted a variety of genetically modified cotton seeds which have not been approved by the country's government, an offence that could result in five years imprisonment.

It is the first time farmers, who argue that they shouldn't be deprived of any new technology, have acknowledged planting the herbicide-tolerant cotton variety, which was developed by German drugmaker Bayer AG's Monsanto unit.

Industry officials estimate the area planted with such seeds reached at least 10 percent of the 12.2 million hectares of Indian cotton acreage in 2018 and Anil Ghanwat, president of the Shetkari Sangathan farmers union, said there is likely to be an increase this year.

"Until last year, farmers were cultivating the unapproved seeds secretly. From this year, we will plant them publicly," Ghanwat said.

"This is a civil disobedience movement to highlight oppressive government laws," he added.

A spokesman for Bayer said cultivation of unapproved technologies without following mandatory guidelines would set a bad precedent and would be akin to dismantling the country's robust regulatory process.

India approved the use of genetically modified (GM) cotton seeds in 2002 and an upgraded variety in 2006, helping transform the country into the world's top producer and second-largest exporter of the fiber.

However, Monsanto withdrew an application seeking approval for the latest variety after a royalty dispute with the government in 2016.

The herbicide-tolerant variety, which helps farmers reduce weed management costs, has seeped into Indian agriculture anyway, boosting sales of glyphosate-based weedkillers, which environmental activists say could spoil local biodiversity.

Latif Bahale, a farmer from Akola district in Maharashtra state, planted the seeds during a public event on Monday organised by Shetkari Sangathan ahead of this year's cotton planting season, which lasts during the rainy months of June and July.