

## EU sets out plans for 'limited' US trade deal

Brussels, Belgium

The EU yesterday published its negotiating plans for a free trade deal with the United States, part of an effort to avert a trade war with US President Donald Trump.

Negotiating a trade deal was included in a transatlantic truce secured last year after the US slapped tariffs on steel and aluminium imports from the EU, alarming the world.

The effort is also part of an effort to stop Trump from slapping tariffs on European car imports, a danger that has especially unnerved export powerhouse Germany.

The 17-page mandate submitted by the US also included other demands and charges that are unacceptable for the EU, including that Europe stop manipulating foreign exchange rates.

## Tesla to cut 7pc of workforce

New York, United States

Elon Musk's electric car manufacturer Tesla announced Friday it is cutting its workforce by about seven percent in a push to keep its Model 3 affordable for middle-income consumers.

Shares fell sharply following the announcement, which also signaled a tough profit road ahead for Tesla.

The round of job cuts -- which follow an earlier downsizing announced in June -- comes as the envelope-pushing company faces pressure in its home market on prices from the phasing-out of a tax credit for electric car purchases.

# Markets surge on China-US trade breakthrough hopes

London, United Kingdom

Stock markets across the globe powered higher Friday, buoyed by hopes of a breakthrough in the US-China trade war.

European and Asian indices bounced back strongly after the Wall Street Journal (WSJ) reported that the US was considering lifting tariffs on China as officials look to hammer out a trade deal.

At the opening bell in New York the Dow Jones was also up, having already gained on Thursday on the report which helped the market recover from a wobble triggered by news that the US was carrying out a criminal probe into Chinese tech giant Huawei.

"Global markets are enjoying an overwhelmingly bullish end to the week, with hopes of a potential breakthrough in US-China trade talks helping drive optimism throughout both Asia and now Europe," said Joshua Mahony, senior market analyst at traders IG.

The WSJ reported that US Treasury Secretary Steven Mnuchin had raised the idea with US Trade Representative Robert Lighthizer of removing some or all levies on Beijing in return for structural reforms.

It said the move was part of a bid to reassure markets and bolster the odds of a bigger trade deal, ending a months-long saga that is beginning to impact economies around the world, particularly China.

### 'Glass half full'

However, the Treasury Department said that no formal recommendation had been made by either Mnuchin or Lighthizer in the talks, which were "nowhere near completion".

"The US government has said



Traders work on the floor at the closing bell of the Dow Industrial Average at the New York Stock Exchange

### Key figures around 1440 GMT

London - FTSE 100:	▲ 1.9pc at 6,967.34 points
Frankfurt - DAX 30:	▲ 2.2pc at 11,159.57
Paris - CAC 40:	▲ 1.7pc at 4,876.14
EURO STOXX 50:	▲ 1.9pc at 3,128.38
New York - DOW:	▲ 0.7pc at 24,536.09
Tokyo - Nikkei 225:	▲ 1.3pc at 20,666.07 (close)
Hong Kong - Hang Seng:	▲ 1.3pc at 27,090.81 (close)
Shanghai - Composite:	▲ 1.4pc at 2,596.01 (close)
Euro/dollar:	▼ at \$1.1384 from \$1.1391 at 2130 GMT
Euro/pound:	▲ at 88.17 pence from 87.70 pence
Pound/dollar:	▼ at \$1.2912 from \$1.2937
Dollar/yen:	▲ at 109.50 yen from 109.19
Oil - Brent Crude:	▲ 70 cents at \$61.88 per barrel

that there have been no formal talks to scale back tariffs, but the market saw the half glass full as the reports signal that concessions are in the works," said Alfonso Esparza, senior market analyst at OANDA.

However, there was scepticism among some analysts,

with the two sides still far apart on a number of issues, particularly regarding intellectual property.

On currency markets the pound edged lower, giving up earlier gains seen as dealers bet that Britain would not leave the European Union without a deal.

After her grand Brexit plan was soundly rebuffed by MPs this week, British Prime Minister Theresa May has called cross-party talks to put together a "Plan B" by Monday.

If that does not work, there is a growing expectation that the March 29 exit deadline will be pushed back to give May more time to reach another deal or possibly call another referendum.

Oil prices meanwhile rose on the China-US tariffs report and after OPEC said it had cut output in December before a new agreement to limit supply took effect.

Both main contracts are up around a fifth since the end of December, thanks to an agreement to cut output by OPEC and other key producers including Russia.

That followed almost three months of losses that wiped around 40 per cent off prices amid concerns supply was running ahead of demand.

## Saudis cut, Russians hiked output ahead of pact: IEA

Paris, France

Saudi Arabia demonstrated its resolve to lift oil prices by slashing output ahead of the entry into force of new pact limiting production while Russia boosted output to a record level, the International Energy Agency said yesterday.

In its latest monthly report, the Paris-based International Energy Agency said the Saudis took the lead by cutting output in December as prices tumbled by more than a third in just two months.

"Recently, leading producers have restated their commitment to cut output and data show that words were transformed into actions," said the IEA.

The IEA said data show that Russia increased crude oil production in December "to a new record near 11.5 mbd (million barrels per day) and it is unclear when it will cut and by how much."

The IEA said the United States increased output by 2.1 mbd last year, the "highest ever" annual growth ever recorded.

The IEA left its estimate for global oil growth in 2019 unchanged at an increase of 1.4 mbd, saying "the impact of higher oil prices in 2018 is fading, which will help offset lower economic growth."



Representative picture

# Trump grounds speaker, scraps Davos trip amid shutdown

Washington, United States

US President Donald Trump forced the cancellation Thursday of a trip to Afghanistan by his Democratic opponent Nancy Pelosi, and scrapped administration officials' travel to the Davos forum as a government shutdown plunged Washington deeper into deadlock.

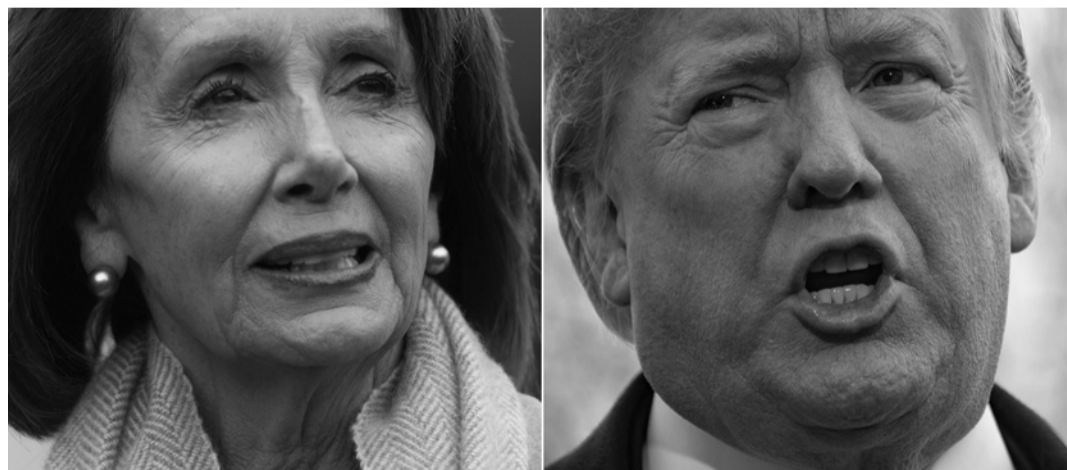
The mess in the US capital already verged on the surreal as Congress feuds with the White House over how to end an impasse now in its fourth week, with thousands of federal workers left unpaid.

But now it is also getting increasingly personal between the two main antagonists.

In a letter laced with sarcasm, Trump told House Speaker Pelosi: "I am sorry to inform you that your trip to Brussels, Egypt, and Afghanistan has been postponed. We will reschedule this seven-day excursion when the Shutdown is over."

"I am sure you would agree that postponing this public relations event is appropriate," he wrote.

And in a move that appeared



US Speaker of the House Nancy Pelosi following a meeting with US President Donald Trump about the partial government shutdown at the White House in Washington, DC, and US President Donald Trump speaking to the media as he departs the White House in Washington, DC

aimed at heading off Democratic criticism about non-essential administration travel during the shutdown, the White House announced the cancellation of a trip to the World Economic Forum by Treasury Secretary Steven Mnuchin and others "out of consideration for the 800,000 great American workers not receiving pay."

Pelosi and her delegation had

planned a non-publicized trip to Afghanistan -- an active war zone -- and were due to travel aboard a US Air Force plane. Her office said Egypt was not on the itinerary.

According to a congressional aide, several lawmakers were already loaded onto buses preparing to leave the US Capitol Thursday when Trump pulled the plug.

Rubbing it in, Trump said that Pelosi could still book her own non-government flights.

"Obviously, if you would like to make your journey by flying commercial, that would certainly be your prerogative," he wrote.

The cancellation followed Pelosi's suggestion that Trump postpone his January 29 State of the Union address to Congress, or do it from the White House



**I am sorry to inform you that your trip to Brussels, Egypt, and Afghanistan has been postponed. We will reschedule this seven-day excursion when the Shutdown is over**

DONALD TRUMP TO NANCY PELOSI

instead.

Although she cited the shutdown's effect on security, she appeared to want to deny the president one of his chief annual moments in the limelight.

The White House denied that the travel blockage was payback, but few bought the argument.

### 'Sophomoric'

House Democrats who had been slated for the trip were left fuming, including freshman con-

gresswoman Elaine Luria, a 20-year Navy veteran who said the purpose was to express appreciation to Americans in uniform and gain critical intelligence on the ground.

"Oversight is the responsibility of Congress, and it is inappropriate for the President to interfere with our constitutional duties," Luria said in a statement.

Republican Senator Lindsey Graham, who for weeks has served as a referee of sorts between Trump and Pelosi, accused the latter of "playing politics with the State of the Union."

But he also hit out at Trump, saying "denying Speaker Pelosi military travel to visit our troops in Afghanistan, our allies in Egypt and NATO is also inappropriate."

"One sophomoric response does not deserve another," Graham said. The government shutdown is due to Trump's refusal to sign off on funding for a host of departments, in retaliation for the Democratic-led House's refusal to approve his US-Mexico border wall project.