

US okays sale of F-16 to Taiwan

Washington, United States

The US State Department on Tuesday approved the sale of 66 F-16 fighters to Taiwan, in a move expected to anger Beijing.

Taiwan will get the latest version of the Lockheed Martin-built fighter, the F-16C/D Block 70, in the \$8 billion deal, the State Department said.

Secretary of State Mike Pompeo said in a statement that President Donald Trump had green-lighted the proposed sale after Congress was notified last week.

The F-16s "are deeply consistent with the arrangements, the historical relationship between the United States and China," Pompeo said.

"Our actions are consistent with past US policy. We are simply following through on the commitments we've made to all of the parties."

Taiwan's plan to upgrade its air defenses comes amid increasing Chinese military incursions into its air space.

A spokesman for the Taiwan-

China threatens sanctions

Beijing, China

China yesterday blasted a huge planned US arms shipment to self-ruled Taiwan and threatened to sanction firms involved in the sale of F-16 fighter jets.

"China will take all necessary measures to safeguard our interests including imposing sanctions on the US companies participating in this arms sale to Taiwan," foreign ministry spokesman Geng Shuang told a news briefing.

The sale "is a serious interference in our internal affairs and undermines our sovereignty and security interests", he said. China said it had lodged diplomatic protests against the deal and yesterday urged the US to "cancel this arms sale plan at once, stop selling arms to Taiwan and cut its military contact with Taiwan".

President released a statement saying the jets would "substantially enhance our air defense capabilities to help Taiwan's self-defense and maintain the people's freedom and welfare."

The sale's approval will have a key role in "peace and stability in the Taiwan Strait and region, especially in the wake of China's frequent military actions... in the region in recent years," the statement said.

Beijing regards Taiwan as a part of China awaiting reunification, but the island is self-ruled and is a close ally of the United States.

In a statement, the Defense Security Cooperation Agency, which oversees US foreign military sales, said Taiwan's purchase of the F-16s "will not alter the basic military balance in the region."

"This proposed sale will contribute to the recipient's capa-

bility to provide for the defense of its airspace, regional security, and interoperability with the United States."

On Monday, China's foreign ministry spokesperson Geng Shuang said US arms sales to Taiwan "severely violate" agreements between Washington and Beijing and "constitute severe interference in China's internal affairs."

The United States should "immediately cancel the planned arms sales, and stop selling weapons and military contact with Taiwan," he said.

"Otherwise, the US will have to bear all the consequences."

Taiwan already has a fleet of old-model F-16s purchased in 1992, which have undergone several crucial upgrades.

Manufacturer Lockheed Martin says the newest version, the F-16 Block 70/72, includes many avionics, weapons and radar technologies not in existence when earlier models were created.

It is structurally stronger, the company says, so that it "can fly and fight to 2070 and beyond."



A U.S.-made F16 fighter jet takes off from an air base in Campia Turzii, Romania (Courtesy of Defense News)

Israel, South Korea announce free-trade deal

Jerusalem, Undefined

Israel and South Korea announced yesterday they have concluded a free-trade agreement to eliminate tariffs on goods ranging from cars and medical equipment to lipstick and video games.

Israeli Economy Minister Eli Cohen called the deal "historic", saying it was Israel's first such agreement with an east Asian nation.

It was not clear when the agreement could enter into force.

"The advantage of this agreement will go beyond our economic ties," Cohen said at

a ceremony to announce the deal.

"I'm confident that this will also mark the start of a new era and an even closer friendship between Israel and Korea."

South Korean Trade Minister Yoo Myung-hee said at the ceremony that "I hope that Israeli companies will take full advantage of Korea as a stepping stone into the vast Asian market."

Negotiations on the agreement stretched three years.

According to Israel's economy ministry, trade between the two countries reached \$2.5 billion last year, an increase of nearly 15 percent over 2017.

World stocks rise as recession fears fade

London, United Kingdom

Stock markets mostly rose yesterday as investors appeared willing to set aside fears of recession, instead focusing on bargain hunting, analysts said.

They also seemed to largely shrug off political turmoil in Italy.

"Recession nerves look to have settled a little following last week's panic, which has brought some relief to markets," said Craig Erlam at OANDA.

Global bond yields stabilised, indicating that markets are becoming less pessimistic about the outlook for the world economy.

Key European equity markets were more than one pc higher by the close.

That included Milan's FTSE MIB index which rallied as Italian President Sergio Mattarella began talks with key players in a bid to end political limbo in the eurozone's number three economy.

The index had dived 1.1 per cent on Tuesday after the shock resignation of Prime Minister Giuseppe Conte.

"The markets have seemingly taken the latest political upheaval in Italy in their stride and are gaining," noted XTB analyst David Cheatham.

US stock markets also made a better start, "aided by some stabilisation in global bond yields which had plunged recently to exacerbate market uneasiness and growth concerns", said Charles Schwab analysts.

Euro turns flat

The euro flatlined against the dollar as Italy's crisis offset

optimism that Germany's government could unveil measures to avert a downturn.

Conte resigned this week, hitting out at far-right Interior Minister Matteo Salvini for pursuing his own interests by bringing down the government coalition.

Mattarella must now decide to form a new coalition or call an election, throwing up more uncertainty and another possible budget standoff with the European Union.

Powell speech looms

Investors' focus was starting to turn to a key speech by Federal Reserve boss Jerome Powell at the end of the week.

Powell's talk at the central bankers' gathering in Jackson Hole, Wyoming, is the key event and will be closely pored over for clues about the bank's plans for next month, with experts unable to agree on whether or not he will announce further cuts.

'Crazy' German bond

In another sign that investors believe in rekindled growth down the road, the German treasury on Wednesday failed to sell out a 30-year zero-coupon government bond. The treasury, which had hoped to place two billion euros of debt, in the end found takers for just 824 million.

But those investors that did buy the bond paid over face value, taking the yield to -0.11 pc, which means that they are paying the German government for the privilege of lending it money for the next three decades.

"It's crazy," Eric Vanraes, bond manager at the Eric Sturza bank, said.

Banks weigh on Saudi index

● Ten of 11 Saudi banks fall

● Emaar Misr continue losses on lawsuit

● Julphar falls for second day on drug recall

● Savola drops on lower second-quarter profit



An investor watching stock movements at the Saudi Stock Market (AFP)

Closing Bell

SAUDI	▼ 0.9pc to 8,509 pts
ABU DHABI	▼ 0.6pc to 5,041 pts
DUBAI	▲ 0.1pc to 2,790 pts
QATAR	▼ 0.2pc at 9,877 pts
EGYPT	▼ 0.5 pc to 14,357 pts
BAHRAIN	▼ 0.2pc at 1,532 pts
OMAN	▲ 1pc to 3,929 pts
KUWAIT	▼ 0.2pc at 6,610 pts

swung to a second-quarter loss, while Saudi Fisheries shed 1.5pc as its losses widened in the same period.

Saudi Arabia's largest food products company, Savola Group, closed 2.5pc down after it reported a 21.7pc decrease in second-quarter profit.

Wala Cooperative Insurance, which is in merger talks with Metlife AIG ANB, shed 2pc after EFG Hermes cut its target price to 11 riyals from 20.8 riyals.

In Abu Dhabi, the index dropped 0.6pc with the United Arab Emirates' largest lender First Abu Dhabi Bank slipping 0.4pc.

Gulf Pharmaceutical Industries (Julphar) lost a further 7pc a day after it plunged 9.8pc. On Tuesday, the firm said that it recalled a single batch of its Laxocodyl suppository over a labelling error.

Egypt's blue-chip index de-

creased 0.5pc, led by a 0.5pc fall in its largest lender Commercial International Bank.

Emaar Misr plunged 5.7pc extending its losses from previous session following a lawsuit filed by an Egyptian businessman against the developer claiming part of the land at the Marassi project.

Qatar's index slid 0.2pc snapping a three-session winning streak. Petrochemical maker Industries Qatar dropped 2.3pc and Barwa Real Estate lost 1.5pc.

The index has been benefiting since the central bank said last week Qatari economic growth would accelerate over the next two years amid expectations of stable oil prices and continued strong exports.

Dubai's index edged up 0.1pc as Emirates NBD gained 1.3pc and Emirates Integrated Telecommunications increased 1.8pc.

Most major Gulf stock markets fell yesterday, with Saudi banking shares pushing that index down the most, amid rising regional geopolitical tensions and ahead of US Federal Reserve events.

Tensions in the Middle East remained in focus after the United States said it would take every action it can to prevent an Iranian tanker sailing in the Mediterranean from delivering oil to Syria in contravention of US sanctions.

Adding to the tension was Australia agreeing to join a US-led mission to protect Gulf shipping. Iran denounces the effort and insists countries in the region can protect waterways and work towards signing a non-aggression pact.

Elsewhere, focus also shifted to the minutes of the U.S. Federal Reserve's most recent meeting, due on Wednesday, given the currencies of Saudi Arabia, the United Arab Emir-

ates and Qatar are pegged to the US dollar.

In Saudi Arabia the index closed 0.9 per cent lower with Al Rajhi Bank declining 1.3pc and Riyadh Bank losing 1.5pc.

The Middle East's largest index was also hit by disappointment over some corporate earnings. Tabuk Agricultural Development lost 5.3pc after it

Key figures around 1540 GMT

London - FTSE 100:	▲ 1.1 pc at 7,203.97 points (close)
Frankfurt - DAX 30:	▲ 1.3 pc at 11,802.85 (close)
Paris - CAC 40:	▲ 1.7 pc at 5,435.48 (close)
Milan - FTSE MIB:	▲ 1.8 pc at 20,847.07 (close)
EURO STOXX 50:	▲ 1.2 pc at 3,391.66
New York - Dow:	▲ 1.0 pc at 26,231.43
Tokyo - Nikkei 225:	▼ 0.3 pc at 20,618.57 (close)
Hong Kong - Hang Seng:	▲ 0.2 pc at 26,270.04 (close)
Shanghai - Composite:	▲ at 2,880.33 (close)
Euro/dollar:	▲ at \$1.1101 from \$1.1100
Pound/dollar:	▼ at \$1.2144 from \$1.2170
Euro/pound:	▲ at 91.43 pence from 91.21 pence
Dollar/yen:	▲ at 106.45 yen from 106.23 yen
Brent North Sea crude:	▲ 91 cents at \$60.94 per barrel
West Texas Intermediate:	▲ 45 cents at \$56.58