

France ready to take Trump's tariff threat to WTO - Le Maire

France is ready to go to the World Trade Organization to challenge US President Donald Trump's threat to put tariffs on champagne and other French goods in a row over a French tax on internet companies, its finance minister said on Sunday.

"We are ready to take this to an international court, notably the WTO, because the national tax on digital companies touches US companies in the same way as EU or French companies

or Chinese. It is not discriminatory," Finance Minister Bruno Le Maire told France 3 television.

Paris has long complained about US digital companies not paying enough tax on revenues earned in France.

In July, the French government decided to apply a 3% levy on revenue from digital services earned in France by firms with more than 25 million euros in French revenue

and 750 million euros (\$845 million) worldwide.

It is due to kick in retroactively from the start of 2019.

Washington is threatening to retaliate with heavy duties on imports of French champagne, cheeses and luxury handbags, but France and the European Union say they are ready to retaliate in turn if Trump carries out the threat.

Le Maire said France was willing

to discuss a global digital tax with the United States at the Organisation for Economic Cooperation and Development (OECD), but that such a tax could not be optional for internet companies.

"If there is agreement at the OECD, all the better, then we will finally have a global digital tax. If there is no agreement at OECD level, we will restart talks at EU level," Le Maire said.

He added that new EU Commissioner for Economy Paolo Gentiloni had already proposed to restart such talks.

France pushed ahead with its digital tax after EU member states, under the previous executive European Commission, failed to agree on a levy valid across the bloc after opposition from Ireland, Denmark, Sweden and Finland.

The new European Commission assumed office on Dec 1. (RTRS)

Crude oil prices up

British pound jumps on Conservative Party win

BANGKOK, Dec 14. (AP): The British pound edged higher Friday as Prime Minister Boris Johnson's Conservative Party claimed a robust majority in Parliament.

The British pound rose to \$1.3470 from \$1.3385 late Thursday but then fell back to a much less enthusiastic \$1.3403 as results showed the Conservatives winning at least 363 seats in Parliament with 648 out of 650 results declared.

The benchmark FTSE 100 jumped 1.5% to 7,381.34, while in Paris the CAC 40 rose 1.1% to 5,947.82. Germany's DAX advanced 1.3% to 13,397.52. U.S. shares also looked set for gains, with the future contracts for the S&P 500 and the Dow Jones Industrial Average both up 0.4%.

The resounding victory for Johnson should clear the way for him to carry out his plan to take the UK out of the 28-nation European Union by the end of January.

That's a mixed outcome for investors who loathe uncertainty but will be grappling with the repercussions of Brexit for years to come.

In Asia, Japan's Nikkei 225 index jumped 2.6% to 24,023.10 and Hong Kong's Hang Seng surged 2.6% to 27,687.76. The Shanghai Composite index advanced 1.8% to 2,967.68 and South Korea's Kospi climbed 1.5% to 2,170.25.

Australia's S&P ASX 200 picked up 0.5% to 6,739.70, while the Sensex in India added 1.0% to 40,994.58. Shares also rose in Taiwan and Southeast Asia.

The S&P 500 and Nasdaq set new highs on Thursday after President Donald Trump said the US was getting close to a "big deal" with China.

Traders were also encouraged by a Wall Street Journal report saying Washington has offered to slash existing tariffs and cancel new ones set to kick in on Sunday in exchange for more agricultural purchases and intellectual property protection.

Markets have been quick to react to headlines and remarks out

of the Trump administration about the 17-month trade war.

China's Foreign Ministry did not confirm a deal was almost ready. Officials in Beijing instead highlighted how far apart the two sides still are.

"Negotiations must be based on the principles of equality and mutual respect," said a foreign ministry spokeswoman, Hua Chunying, repeating Beijing's long-held position. "The deal must be mutually beneficial, a win-win."

Meanwhile, Foreign Minister Wang Yi complained at a separate government-organized forum in Beijing that Washington is unfairly attacking China.

"The US side has successively imposed unjustified restrictions and crackdowns on China in economy and trade, science and technology and personnel exchanges," Wang said. "As far as China is concerned, what we are pursuing is our justified rights of development."

Uncertainty over trade has been the biggest wildcard for stocks this year, hurting manufacturing around the world and causing US businesses to hold back on making investments. The saving grace for the US economy has been a strong job market and consumer spending.

Speculation that the world's two biggest economies could be close to reaching an interim "Phase 1" trade agreement spurred investors on Thursday to move money into technology, industrial and other stock sectors that tend to do well when the economy is growing.

On Thursday, the S&P 500 climbed 0.9% to 3,168.57, about 0.5% above its last all-time closing high, on Nov 27. The Dow Jones Industrial Average rose 0.8% to 28,132.05, while the Nasdaq gained 0.7% to 8,717.32. The index, which is heavily weighted with technology stocks, is about 0.1% higher than its record set on Nov 27. The Russell 2000 index of smaller company stocks climbed 0.8% to 1,644.81.

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Markets have been quick to react to headlines and remarks out

Markets have 'muted' reaction to long-awaited US-China trade deal

More record highs for the S&P 500 and Nasdaq

NEW YORK, Dec 14. (AP): Wall Street closed out a listless day Friday with tiny gains and more record highs for the S&P 500 and Nasdaq.

The US and China revealed they have reached an initial deal in their long-running trade war. The "Phase 1" agreement means that the US won't impose new tariffs on Chinese goods that had been set to kick in this weekend. Investors' anxiety over the prospects of such an escalation in the trade war contributed to a sluggish start for the market this month.

President Donald Trump and Chinese officials made separate statements confirming the agreement Friday. Media reports signaling that a deal was close spurred a rally a day earlier that sent the S&P 500 and the Nasdaq to record highs. That likely led to the muted reaction in the markets Friday.

"People obviously were excited about what they heard yesterday and now what you're seeing is a consolidation now that it's actually been confirmed," said Lisa Erickson, head of the traditional investment group at US Bank Wealth Management.

Technology companies, which rely heavily on China for sales as well as parts, led the gainers Friday, outweighing losses in banks, energy stocks and elsewhere. Bond prices rose, pulling yields lower.

The S&P 500 index added a mere 0.23 points, or less than 0.1%, to reach an all-time high of 3,168.80.

The Dow Jones Industrial Average inched up 3.33 points, or less than 0.1%, to 28,135.38.

The Nasdaq, which is heavily weighted with technology stocks, rose 17.56 points, or 0.2%, to 8,734.88.

The Russell 2000 index of smaller company stocks fell 6.84 points, or 0.4%, to 1,637.98.

Optimism over the possibility of a trade deal helped stocks rebound after a downbeat start to the week. The S&P 500 ended the week with its third straight weekly gain. With less than three weeks left in 2019, the benchmark index is up 26.4% for the year.

The stock indexes were little changed through most of Friday as investors weighed the implications of the trade deal.

The costly trade conflict and the threat it could escalate at any moment has been the biggest source of uncertainty for Wall Street this year. The dispute has also hurt manufacturing around the world and caused US businesses to hold back on making investments. The saving grace for the economy has been a strong job market and consumer spending.

Word that Washington and Beijing were pursuing a limited deal helped allay some of those concerns this fall, which helped spur the market higher



Trader Sal Suarino works on the floor of the New York Stock Exchange on Dec 13. After months of waiting, markets had a muted reaction to news Friday that the US and China had reached an initial deal on trade. (AP)

after a sharp pullback this summer. But investors grew anxious earlier this month as the Dec 15 planned rollout of US tariffs on \$160 billion worth of Chinese imports neared.

In addition to canceling the new tariffs, the US also agreed to reduce certain existing import taxes on about \$112 billion in Chinese goods from 15% to 7.5%. In return, Trump said on Twitter, the Chinese have agreed to "massive" purchases of American farm and manufactured products as part of the initial deal.

It's unclear how much the partial trade deal removes the uncertainty over another escalation in the dispute, which has had more than a few swings since it started 17 months ago.

"We got something, but until we have a full-fledged deal it may be tough to get excited," said JJ Kinahan, chief market strategist for TD Ameritrade.

The latest development in trade relations didn't have much of an impact on the market because it is essentially just a tariff truce, according to Jamie Cox, managing partner for Harris Financial Group. The next phase of the agreement will have to tackle some of the larger issues to provide relief from existing tariffs.

"It's going to be a bigger lift in large part because the president doesn't really want to take the tariffs off," Cox said. "That's going to require much more give on the Chinese part than what is currently in the offer."

Technology sector stocks were the biggest winners Friday. Adobe climbed 3.9% after its latest quarterly results topped Wall Street's estimates.

Utilities, household goods makers and real estate stocks also notched gains.

Banks fell the most as bond yields, which are used to set the interest rates that lenders charge on mortgages and other consumer loans, fell. Wells Fargo slid 1.1%.

The yield on the 10-year Treasury dropped to 1.83% from 1.90% late Thursday.

The government said US retail sales rose at a seasonally adjusted 0.2% rate in November. The modest pace fell short of analysts' forecasts for a pickup of 0.5% and suggests the holiday shopping season got off to a slow start. Shares in several department store chains fell. Macy's dropped 3.4%, while L Brands slid 4.2% and Nordstrom lost 3.3%.

Facebook fell 1.3% amid reports that the Federal Trade Commission could block the company from integrating its messaging apps. Facebook has been planning to integrate its messaging apps, including Messenger and WhatsApp, since early 2019. Federal regulators are concerned that the plan could make it hard to break up the company should the FTC find that necessary.

British stocks and the British pound moved sharply higher a day after a resounding victory for the Conservative Party eased uncertainty over the nation's upcoming exit from the European Union. The benchmark FTSE 100 rallied 1.1%. The British pound rose to \$1.3339 from \$1.3134. Other European markets also closed higher.

Benchmark crude oil rose 89 cents to settle at \$60.07 a barrel. Brent crude oil, the international standard, increased \$1.02 to close at \$65.22 a barrel. Whole-

sale gasoline rose 3 cents to \$1.66 per gallon. Heating oil climbed 4 cents to \$1.99 per gallon. Natural gas fell 3 cents to \$2.30 per 1,000 cubic feet.

Gold rose \$8.90 to \$1,475.60 per ounce, silver rose 6 cents to \$16.91 per ounce and copper fell 1 cent to \$2.78 per pound.

China's Ministry of commerce said Thursday that its negotiators were in "close communication" with their American counterparts ahead of the new round of tariffs, but gave no indication whether the trade talks were making progress.

But late Thursday, Myron Brilliant, head of international affairs for the US Chamber of Commerce, confirmed that both sides were close to inking a modest trade deal that would suspend the new tariffs and reduce existing ones by an unspecified amount. In return, China would buy more US farm products, increase American companies' access to the Chinese market and tighten protection for intellectual property rights, said Brilliant, who has been briefed by both sides.

Uncertainty over trade has been the biggest wildcard for stocks this year. The longstanding conflict has hurt manufacturing around the world and caused US businesses to hold back on making investments. The saving grace for the economy has been a strong job market and consumer spending.

Speculation that the world's two biggest economies could be close to reaching an interim "Phase 1" trade agreement spurred investors on Thursday to move money into technology, industrial and other stock sectors that tend to do well when the economy is growing.

Chinese-led consortium to build Cyprus' first gas import terminal

NICOSIA, Cyprus, Dec 14. (AP): Cyprus signed a deal on Friday with a Chinese-led consortium to build the east Mediterranean island nation's first natural gas import terminal that officials said will help the country generate cleaner and cheaper energy.

Energy Minister Georgios Lakotrypiss said the 289 million-euro (\$323 million) floating terminal will help reduce Cyprus' carbon footprint from electricity generation by up to 30%.

The terminal is designed to convert imported liquefied gas back into gaseous form for use in Cyprus' main power plant.

A consortium of China Petroleum Pipeline Engineering, Metron, Hudong-Zhonghua Shipbuilding and Wilhelmshen Ship Management is ex-

pected to finish construction by early 2022.

The terminal that's expected to be completed by early 2022 is to be built by a consortium of China Petroleum Pipeline Engineering, Metron, Hudong-Zhonghua Shipbuilding and Wilhelmshen Ship Management.

Financing for the project includes 101 million euros (\$113 million) in European Union funds and low-interest loans from the European Investment Bank and the European Bank for Reconstruction and Development. The Electricity Authority of Cyprus contributed 43 million euros (\$48 million.)

The facility is expected to help reduce the cost of generating power by an estimated 15-25% by substituting natural gas for crude, Lakotrypiss said.

Exchange Rates - Dec 14

A comprehensive table of exchange rates for various currencies including US dollar, Sterling pound, Euro, Japanese yen, Swiss franc, Canadian dollar, Swedish krona, Saudi riyal, UAE dirham, Bahraini dinar, Omani riyal, Danish krone, Indian rupee, Pakistani rupee, Sri Lankan rupee, Bangladesh taka, Philippine peso, Australian dollar, Hong Kong dollar, Singapore dollar, Jordanian dinar, Egyptian pound, Cyprus pound, Yemeni riyal, Thai baht, South African rand, Korean won, Syrian pound, Iranian Riyal, Lebanese pound, Malaysian ringgit, Indonesian rupiah, and New Zealand dollar. It also includes a section for travellers cheques and local gold prices.