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African leaders launch historic free-trade zone

A landmark free-trade agreement removing most tariffs and other commercial barriers in the African continent expanded to encompass 54 signatories, after Benin and Nigeria joined the accord .Albert Muchanga, the African Union's commissioner for trade and industry, announced Benin's intention to join at the bloc's summit officially launching the pact, in Niger's capital Niamey. Nigeria said it would ratify the deal during the two-day summit that's also set to discuss migration and security -- issues affecting the host country Niger.

“Nigeria is Africa's biggest economy and most populous country,” Niger's President Mahamadou Issoufou said in an interview from Niamey. “Without Nigeria, the free trade zone would've been handicapped.”Ghana was selected to host the secretariat -- or permanent office -- for the trade zone, amid competition from Egypt, Ethiopia, Swaziland, Kenya, Senegal and Madagascar, the West African nation's presidency said in an emailed statement. President Nana Addo Dankwa Akufo-Addo said Ghana is ready to give $10 million to help set up the pact's office. The summit will see heads of state and trade delegations trying to iron out the details of the trade pact. Key issues include the removal of non-tariff barriers and regulations controlling trade liberalization, rules of origin and the development of a digital payment system.

The African Free Trade Agreement commits governments to greater economic integration, as the signatory states move toward removing trade barriers including tariffs on 90% of commodities. The duty-free movement of goods is expected to boost intra-regional trade, while also helping countries move away from mainly exporting raw materials and build manufacturing capacity to attract foreign investment.

Trading will start in July 2020 to give member states time to adopt the framework and prepare their business communities for the “emerging market,” Muchanga said. “We haven't yet agreed on rules of origin and tariff confessions, but the framework we have is enough to start trading on July 1, 2020,” he said.

Rules of origin and mechanisms for monitoring, reporting and the elimination of non-trade barriers should also be agreed upon during the summit.

US drags India to WTO over customs duty hike on 28 American goods

The US dragged India to the WTO by filing a complaint against New Delhi's move to increase customs duties on 28 American goods, alleging the decision is inconsistent with the global trade norms.According to a communication of the Geneva-based World Trade Organisation (WTO), the US said that the additional duties imposed by India "appears to nullify or impair the benefits accruing to the US directly or indirectly" under the GATT 1994.The General Agreement on Tariffs and Trade (GATT) is a WTO pact, signed by all member countries of the multi-lateral body, aims to promote trade by reducing or eliminating trade barriers like customs duties.

The US has alleged that the duties imposed by India appears to be inconsistent with two norms of GATT.The US has stated that India does not impose these duties on like products originating in the territory of any other WTO member nation.

"India also appears to be applying rates of duty to US imports greater than the rates of duty set out in India's schedule of concessions," the communication said quoting the US application.

The duties are inconsistent because "India fails to extend to products of the US an advantage, favour, privilege or immunity granted by India with respect to customs duties and charges of any kind imposed on or in connection with the importation of products originating in the territory of other members...," the US has alleged. As part of the dispute, the US has sought consultations with India under the aegis of the WTO's dispute settlement mechanism.

"We look forward to receiving your reply to the present request and to fixing a mutually convenient date to hold consultations," it said.

As per the WTO's dispute settlement process, the request for consultations is the first step in a dispute .Consultations give the parties an opportunity to discuss the matter and find a satisfactory solution without proceeding further with litigation. After 60 days, if consultations fail to resolve the dispute, the complainant may request adjudication by a panel.

This case assumes significance as officials of both the countries would be meeting next week here to discuss trade related issues. The two countries are also at loggerheads at the WTO on other issues. The US has challenged certain export promotion schemes of India, while India has challenged USA's unilateral hike on customs duties on certain steel and aluminium products.

The US has rolled back export incentives from India under its GSP programme and New Delhi has imposed higher customs duties on 28 American products including almond, pulses, walnut, chickpeas, boric acid and binders for foundry moulds.The other products on which duties were hiked include certain kind of nuts, iron and steel products, apples, pears, flat rolled products of stainless steel, other alloy steel, tube and pipe fittings, and screws, bolts and rivets. The duties were hiked as retaliation to the US move to impose the highest customs duties on certain steel and aluminium goods.

India's exports to the US in 2017-18 stood at USD 47.9 billion, while imports were at USD 26.7 billion. The trade balance is in favour of India.

Oil price 'could easily be $75' if trade truce boosts demand.

OPEC's decided Monday to extend supply cuts to March 2020 in a bid to support oil prices amid a weakening global economy. The oil demand outlook could depend on how well trade talks between the U.S. and China go.The success, or failure, of trade talks between the U.S. and China will be a decisive factor in the oil price outlook this year, despite OPEC's decision to extend production cuts, oil market expert Amrita Sen told

"I know (Saudi Arabian Oil Minister Khalid) Al Falih said that the second-half of the year (demand) outlook looks better but so much depends on the trade deal, on the truce between the U.S. and China, and global demand has slowed down considerably," "China (demand for oil) hasn't collapsed at all, it's still growing slower, but it's just that lack of confidence, companies have just stopped investing and placing orders and we've seen very weak numbers out of other parts of Asia and Europe as well," she added.

A potential interest rate cut by the U.S. Federal Reserve this year and the incentive to forge strong economic growth in the U.S., ahead of the 2020 presidential election, could provide extra impetus for oil market demand, Sen said.

In its last June monthly report, OPEC predicted oil demand growth to rise by 1.14 million barrels per day in 2019. The majority of oil demand growth is projected to come from India, followed by China.

Oil prices slipped despite OPEC's decision Monday to extend supply cuts to March 2020 in a bid to support oil prices amid a weakening global economy. OPEC is scheduled to meet with Russia and other producers that have joined it in a production cut agreement to discuss the supply cuts. Non-OPEC members like Russia have to endorse the extension of the supply cut (currently at around 1.2 million barrels a day).The so-called "OPEC+" alliance of 24 producers agreed in late 2016 to cut production in order to put a floor under low oil prices that had resulted from a glut of supply, particularly due to increased U.S. shale output, and lackluster demand.

ROBOTS could take over 20 million jobs by 2030, study claims

Economists analyzed long-term trends around the uptake of automation in the workplace, noting that the number of robots in use worldwide increased threefold over the past two decades to 2.25 million.While researchers predicted the rise of robots will bring about benefits in terms of productivity and economic growth, they also acknowledged the drawbacks that were expected to arise simultaneously. According to a new study from Oxford Economics, within the next 11 years there could be 14 million robots put to work in China alone.However, if robot installations were boosted to 30% more than the baseline forecast by 2030, researchers estimated it would lead to a 5.3% boost in global GDP that year.

"This equates to adding an extra $4.9 trillion per year to the global economy by 2030 (in today's prices) — equivalent to an economy greater than the projected size of Germany's," the report said. According to the report, the number of robots installed in workplaces in the past four years is the same as the number put to work over the eight years previous. Approximately every third robot in industry is now installed in China, researchers found, with the world's second-largest economy accounting for around one-in-five of the global stock of robots. It was predicted that by 2030, more than 1.5 million jobs would have been lost to robots in the United States. In China, that number was expected to exceed 11 million. Across EU member states, almost 2 million people would lose out on employment because of automation, the report said.

When it came to job losses, the most vulnerable states in the U.S. included Texas, Louisiana and Indiana, with Oregon named the most susceptible to the negative effects of automation. The regions of Chemnitz, Thuringen and Oberfranken were most vulnerable in Germany, while the Midlands and North West of England were Britain's most vulnerable regions.

Despite the threat of job losses, the report urged lawmakers not to prohibit the rise of automation."These findings should not lead policy-makers and other stakeholders to seek to frustrate the adoption of robot technology. Instead the challenge should be to distribute the robotics dividend more evenly by helping vulnerable workers prepare for and adapt to the upheaval it will bring," the researchers said. Researchers suggested that governments could incentivize companies and workers with financial benefits for engaging in local programs to retrain workers. They also called on policymakers to develop "aggressive, forward-thinking programs" to counteract the negative impacts of automation.

"Explore all policy options, from infrastructure investments to training initiatives and innovative welfare programs such as universal basic income," the report suggested.

Workers were also advised to "audit" their own jobs to better understand the balance between the human skills it required and skills that could potentially be taken over by a machine. "Adopt a 'lifetime learning' mindset," researchers said. "There are no jobs for life."

The dramatic climb in corporate borrowing echoes the rise in US sub-prime mortgages

Corporate borrowing poses a danger to the global financial system and could trigger a crisis in the same way US sub-prime mortgages sparked the 2008 banking crash, the organisation that represents the world's central banks has warned. Citing the US and the UK as the worst offenders, the Bank for International Settlements (BIS) said in its annual health check of the global financial system that a dramatic rise in borrowing in recent years by businesses with low credit scores meant the market for corporate debt was becoming increasingly unstable.

While it was not clear whether or how a crisis might unfold, the $3tn (£2.4tn) market for low-grade corporate debt was already "overheating" and risked provoking a panic that could send market values crashing as happened 11 years ago.

The Basel-based watchdog said a surge in the sale of collateralised loan obligations (CLOs), which are collections of low-grade corporate debts packaged for sale to investors, was reminiscent of the steep rise in their forerunner – collateralised debt obligations – which "amplified the sub-prime crisis".

Echoing warnings earlier this year from the OECD, Agustín Carstens, the BIS's general manager, said he was especially concerned at the way corporations had used complex debt products that lie outside the view of financial regulators to extend the level of lending."Perhaps the most visible symptom of potential overheating is the remarkable growth of the leveraged loan market, which has reached some $3tn," he said."While firms in the US – and, to a lesser extent, the UK – have accounted for the bulk of the issuance, holdings are spread out more widely. There is most concern about corporate debt, more than the household or sovereign sectors."

The BIS also called on governments to respond to the slowing global economy by boosting investment spending and pushing through business and tax reforms to ease pressure on central banks.

The US Federal Reserve is under pressure to cut interest rates at its meeting later in July in response to a slowing US economy while the European Central Bank has signalled that it will cut borrowing costs across the 19-member eurozone as long as inflation remains around 1%.

Carstens said short-term pressures from falling economic growth was married to longer-term structural shifts in the labour market to keep interest rates low.He said wage increases across the developed world are unlikely to be high enough to spark an increase in inflation, leaving central banks to keep monetary policy low for several more years.

China will not allow G20 to discuss Hong Kong

China has said it will not allow the G20 nations to discuss the Hong Kong issue at its summit this week, assistant foreign minister Zhang Jun said. Millions of people demonstrated on the streets of the city this month against a bill that would allow people to be extradited to the mainland to face trial in courts controlled by the Communist party.It triggered the most violent protests in decades when police fired rubber bullets and tear gas to disperse the crowds. The extradition bill and police reaction to the protests drew international criticism from rights groups.

Chinese president Xi Jinping and US president Donald Trump will meet at the G20 summit in the Japanese city of Osaka this week amid heightened trade tensions between the world's two largest economies."What I can tell you for sure is that G20 will not discuss the Hong Kong issue. We will not allow G20 to discuss the Hong Kong issue," Zhang said in Beijing, when asked whether Trump and Xi would discuss Hong Kong at the G20."Hong Kong is China's special administrative region. Hong Kong matters are purely an internal affair to China. No foreign country has a right to interfere,"

"No matter at what venue, using any method, we will not permit any country or person to interfere in China's internal affairs."The statement came as dozens of protesters staged a demonstration in the lobby of Hong Kong's tax office headquarters on Monday afternoon.

Protesters entered the building at 12.30pm and forced the building to close as they occupied the crowded lobby and blocked people from going into the building. “Retract the evil law! Release the fighters!”, they chanted. Arguments broke out between protesters and frustrated citizens who tried to get into the building.The protest was part of an on-going non-cooperation campaign started last Friday by protesters in the hope of obstructing the government's day-to-day work to force the government to address their demands, including a full retraction of the extradition bill and the release of people arrested in the protests during past weeks.

In Beijing, Chinese vice commerce minister Wang Shouwen also said both China and the United States should make compromises in trade talks ahead of the much-anticipated Trump-Xi meeting.Talks to reach a broad deal broke down last month after US officials accused China of backing away from previously agreed commitments. Speaking at a news briefing on the G20 summit, Wang, who is also part of the trade negotiating team with the United States, said talks between the two countries' trade teams were under way, though he gave no details.China's principles are clear, he said – mutual respect, equality and mutual benefit and meeting each other halfway.

“Mutual respect means each side must respect the other's sovereignty,” Wang said. “Equality and mutual benefit means the consultations have to happen on an equal basis, the agreement to be reached has to be beneficial for both sides,.“Meeting each other half way means both sides have to compromise and make concessions, not just one side.”

Trump has threatened to put tariffs on another $325bn of goods, covering nearly all the remaining Chinese imports into the United States, including consumer products such as cellphones, computers and clothing.