

Edited by Kristen Bondietti  
Level 26, 35 Collins Street  
Melbourne VIC 3000  
Australia  
Tel + 613 9654 8323  
Fax + 613 9654 4922  
ACN 007 307 342

[www.itsglobal.net](http://www.itsglobal.net)

#### Topics (links)

[Global Developments](#)

[Asia-Pacific](#)

[Australia](#)

[World Trade Organisation](#)

**ITS Trade Reporter is a monthly round-up of trade developments from around the world. It is published by ITS Global, Australia's leading consultancy on international trade and environmental policy developments in the Asia-Pacific region. Information on ITS Global activities and current projects is available at [www.itsglobal.net](http://www.itsglobal.net).**

## Latest Issues

### Election - Worrying elements in Labor Trade policy

## Commentary by ITS Global

### Election - Worrying elements in Labor Trade policy

Trade has not been a public issue in the campaign, but all political campaigns create opportunities for interest groups to shift the settings on policies to cement side deals usually fuelled by donations or preference deals.

We have previously reported a serious slide to Green politicking by Tony Burke over illegal logging. Agreeing to impose a trade barrier on environmental grounds could be seen as little different to similar positions in the EU and the US. But that has never been a reference point for Australia. Australian Governments have stood strongly apart from the EU and the US on agricultural protectionism. That had been the traditional position on both sides of politics.

The Burke concession to the Greens raises a question. The issue he has conceded in principle is emerging as a protectionist tool by European and American farmers. A trade restriction on the process by which a product is created (in this case was timber harvested legally) is not different in principle to whether or not animal welfare was respected in the production of livestock products, or whether or not land was sustainably managed when crops were produced.

Labor has conceded a principle that EU farmers will use to restrict farm imports, particularly now that a formal review of the EU's agricultural regime has begun. The Guardian reported gleefully recently that EU subsidies can now be used to justify continuation of EU trade barriers against imports of farm products.

Another concession that passed without comment is advice from officials that the Australian Labor Government no longer will oppose reference to labor issues in Free Trade Agreements. This has been a favourite of the left unions in the ACTU for years. They are also starting to collaborate with the Greens on trade restrictions.

It was not only Greenpeace that lauded Tony Burke's announcement that trade restrictions would be imposed on supposedly illegally-logged products. The CFMEU also supported the policy, threatening to run a campaign against the Government in a South Australian seat unless Burke introduced a ban.

We do not expect any of this to feature in Trade policy if a Coalition Government is elected. However if Labor is returned, industry has a significant task on its hand to get union and Green hands off trade policy.

## **Global Developments**

### **IMF: US economic recovery underway, but risks remain tilted to the downside** [Public Information Notice](#), IMF, 30 July

The Executive Board of the IMF concluded its Article IV consultation with the United States on 16 July. According to the Board's assessment, economic recovery is underway in the United States, aided by a massive policy response. However, the recovery has been slow by historical standards and the outlook remains uncertain. There are still substantial long-term fiscal and financial-sector challenges and the recovery is largely dependent on policy support. More information is available [here](#).

### **A slowing down of global economic recovery: US and EU**

[News Item](#), WSJ, 12 August

The Federal Reserve's recent assessment of the US economy has cast doubts about the pace of the global economic recovery. Data suggests US output and employment has slowed in recent months. Household spending remains constrained by high unemployment, modest income growth, lower housing wealth, and tight credit. US economic recovery may therefore be more modest in the near term than had been anticipated. The US trade deficit in June expanded to a 21-month high of US\$49.9 billion. Signs of a slowing Chinese economy and a downgrading of the U.K. economy growth outlook by the Bank of England are causing concerns about the economic recovery process. A recent European Central Bank poll suggests weak growth prospects for the Euro zone as well. It indicates the euro zone will grow at very subdued rates for the next two years. More information on this is available [here](#).

### **WTO: Greater cooperation required in natural resource trade**

[Press Release](#), WTO, 23 July

According to the World Trade Report 2010 launched on 23 July 2010, greater cooperation is required among governments in natural resource trade if challenges in this sector are to be adequately addressed. The report looks at the characteristics of trade in natural resources, the policy choices available to governments and the role of international cooperation, including the WTO, in the proper management of trade in this sector. More information is available [here](#).

### **OECD: Merchandise trade grows in quarter one of 2010, but at a slower pace**

[Press Release](#), OECD, 21 July

According to the OECD, merchandise trade volume for the G7 economies as a whole continued to grow in the first quarter of 2010, but at a slower pace as compared to in the fourth quarter of 2009. G7 merchandise export and import volumes both grew by 3.2% in the first quarter of 2010 compared to 4.7% and 3.7%, respectively, in the fourth quarter of 2009. More information on OECD statistics on trade in goods, trade in services and balance of payments statistics is available [here](#).

### **UNCTAD: The role of TNCs in promoting low carbon economic development**

[Press Release](#), UNCTAD, 22 July

The latest World Investment Report 2010 released by UNCTAD focuses on investing in a low carbon economy. In particular it examines the role of

transnational corporations (TNC) and the strategic use of foreign investment which can help developing and transition economies jump-start low-carbon economic development. The Report also examines the latest trends in FDI flows and policies as the global economy starts to emerge from the recent financial crisis. While global FDI flows have witnessed a modest recovery in the first half of 2010, the analysis deems the outlook for FDI flows in the short to medium term to be “cautiously optimistic”. More information is available [here](#).

### **OECD: International Migration Outlook 2010**

[News Release](#), OECD, 12 July

According to the OECD's International Migration Outlook 2010, international migration has fallen as a result of the recent economic crisis. The report notes, however, that as economic recovery picks up, migration will be key in filling labour and skill shortages and promoting long-term economic growth. More information is available [here](#).

## **Asia-Pacific**

### **US launches first-ever labour rights dispute under an FTA**

[Press Release](#), USTR, 30 July

US Trade Representative Ron Kirk announced the launch by the US of its first formal labour rights complaint against trade partner Guatemala under the Dominican Republic-Central America-United States Free Trade Agreement. The case against Guatemala stems from alleged violation of worker rights. Kirk said in a speech that, “the Obama Administration will not tolerate labour violations that place U.S. workers at a disadvantage”, and urged the Government of Guatemala to “take specific and effective action – including, if appropriate, legislative reforms – to improve the systemic failures in enforcement of Guatemalan labour law”. More information is available [here](#).

### **China trade surplus reaches 18-month high**

[News item](#), WSJ, 11 August

According to government data, China's trade surplus for July widened to its highest level in a year and a half, to more than US\$28 billion. A sharp slowdown in import growth has been the primary instigator. The data for July indicate that economic activity in China is slowing as the impact of stimulus spending is decreasing. It shows an easing of industrial production and fixed-asset investment growth. Property-market figures illustrate the slowing down of construction activity, which is leading to lower demand for imported raw materials.

### **APEC: New statistics portal**

[News Release](#), APEC, 1 July

APEC has launched a new statistics portal, StatsAPEC. StatsAPEC is a consolidated source of trade, financial and socio-economic data on APEC's 21 member economies. The portal also includes aggregate figures for a broad range of indicators, making it possible to examine the APEC region as a whole. The database can be accessed [here](#).

### **Taiwan and Singapore to discuss potential trade pact**

[News Item](#), BBC, 5 August

Taiwan and Singapore have agreed to hold talks on a free trade deal, with negotiations to begin later this year. The decision comes weeks after Taiwan signed a major trade deal with China.

### **Trade talks between China and South Korea likely next year**

[News Item](#), AFP, 4 August

Negotiations on a free trade agreement between China and South Korea are likely to begin next year. The two countries signed a memorandum of understanding early in 2010, agreeing to hold preliminary talks on sensitive sectors such as agriculture before starting fully-fledged negotiations on a free trade pact. Negotiations may begin in September according to South Korea's Trade Minister. China, Japan and South Korea are also studying the prospects for a three-way free trade agreement.

## **Australia**

### **Australia's trade surplus surges to record highs**

[News item](#), ABC, 4 August

According to the Australian Bureau of Statistics, exports grew 7 per cent in June, while imports remained steady, sweeping Australia's trade surplus to a record \$3.5 billion. The rise in the value of exports is driven primarily by a 23 per cent surge in the value of metal ores and minerals being exported. Most of the exports are going to China.

### **Australia Bilateral and Regional Trade Agreements Draft Report**

[Media Release](#), Productivity Commission, 16 July

According to a Draft Research Report by the Productivity Commission, Australia stands to gain larger potential benefits from trade agreements. The study reports that while Australia's trade agreements have resulted in tariff reductions for goods trade and have likely led to increased trade in goods, there is limited evidence thus far on their effect on trade in services and investment. The PC also found little evidence from business to of substantial commercial benefits of preferential trade agreements. Unilateral and non-discriminatory trade liberalisation offer larger benefits. More information is available [here](#).

### **Accreditation scheme for recognition of bodies to issue certificates of origin under FTAs**

[Media Release](#), DFAT, 19 July

The Australian Department of Foreign Affairs and Trade has established an accreditation framework to authorise bodies to issue Certificates of Origin under Australian Free Trade Agreements (FTAs) which require the use of Certificates. The scheme is applicable only to the issue of Certificates of Origin under FTAs that require such certificates be issued by an authorised body. It does not apply to the issuing of non-preferential certificates of origin. The Joint Accreditation System of Australia and New Zealand (JAS-ANZ) will administer the Scheme. More information is available [here](#).

### **WTO Panel Report on apple dispute between Australia and New Zealand**

[News Item](#), WTO, 9 August

On 9 August 2010, the WTO issued the report of the panel that had examined a complaint by New Zealand against "Australian quarantine treatment of apple imports. New Zealand considers these restrictions inconsistent with Australia's obligations under WTO rules. The WTO panel concluded Australia's quarantine measures for apples were inconsistent with its WTO obligations and recommended that Australia change these measures to make them WTO compliant. Australian officials have said that they will appeal the ruling. More information is available [here](#).

## **World Trade Organisation**

### ***New Disputes***

[DS411](#) Armenia — Measures Affecting the Importation and Internal Sale of Cigarettes and Alcoholic Beverages (Complainant: Ukraine)

For a complete list of the WTO's disputes [click here](#).

**Australia's current involvement in WTO dispute settlement system**

For a complete guide to Australia's disputes, [click here](#).

If you do not wish to receive the ITS Global Trade Reporter click [here](#) and unsubscribe.  
You have permission to forward this email newsletter to other interested persons provided it is passed on in its entirety.

**ITS Trade Reporter is published by [ITS Global](#).**

Level 26, 35 Collins St, Melbourne 3000 Victoria, Australia ACN 007 307 342  
Telephone: 61 3 9654 8323 Fax: 61 3 9654 4922  
Email: [a.ilchenko@itsglobal.net](mailto:a.ilchenko@itsglobal.net)

Comments are welcome by  
visiting us at our [website](#).

© 2010. All rights reserved