



ITS Trade Reporter

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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, aid and environmental policy in the Asia-Pacific region. Information on ITS Global activities and current projects is available at www.itsglobal.net

Latest Issues

Emerson calls the Doha Round

Japan a bigger investor in Australia than China

US Congress finally approves FTAs

Commentary by ITS Global

Emerson's bold Doha Play

Australia's Trade Minister Craig Emerson has declared publically what all Trade Ministers and the WTO chief Pascal Lamy know – the Doha Round is broken and there is little point trying to fix it.

Emerson will be diplomatic, but what he is seeking is an end to the "single undertaking" principle that no deal can be struck in the WTO to liberalize any sector (agriculture, goods and services), unless there are comparable deals in all sectors. The US, the EU, China, India and Brazil, each of whom don't want liberalization in at least one of those sectors, are all hiding behind this procedure. The fact is there are no deals in any sector to which all major players will subscribe.

Emerson is asking why plurilateral agreements in separate areas, such as services, cannot be negotiated by those who want to liberalize. There is no good reason why not. Services are the biggest sector in the global economy and restrictions to trade in services are very high.

Emerson will come under intense pressure in the WTO not to go in this direction, but it is a game changer and he is to be congratulated. Major change has only ever been achieved in the multilateral trade negotiations when someone steps outside the tent and lays bare the reality.

Global Developments

United States FTAs approved

12 October, USTR, [Press Release](#)

The US FTAs with Colombia, Panama and South Korea were finally passed by Congress on October 12 after the US Senate voted for the renewal of the

Trade Adjustment Assistance (TAA) package – a key condition by the Obama Administration to ratify the agreements. The scaled-down TAA will cost \$900 million over the three years, compared to the \$2.1 billion agreed in 2009 which recently expired. The FTAs are expected to generate \$13 billion in new exports for the US (\$11 billion of which comprises an increase in farm exports to Korea) and will liberalise a host of non-tariff measures, including barriers to US professional services.

Cairns Group: ministers urge for a new approach to Doha Round

9 September, The Cairns Group, [Communiqué](#)

The 36th Ministerial Meeting of the Cairns Group of WTO agricultural exporting member economies was held in Canada from 7 to 9 September. It was agreed that Doha Round negotiations need “a fresh approach” as insufficient progress had been made to conclude the talks by end of 2011 (see related stories in ITS Global Commentary and below). The Group agreed to work on “concrete ideas” leading up to the 8th Ministerial Conference of the WTO in December. Members also urged for elimination of agricultural export subsidies in US and EU.

ACTA: Anti-Counterfeiting Trade Agreement signed

1 October, USTR, [Press Release](#)

Governments of eight nations recently signed the Anti-Counterfeiting Trade Agreement (ACTA) in Tokyo, Japan. ACTA is aimed at enhancing international cooperation, promoting sound enforcement practices and strengthening the legal framework for intellectual property rights enforcement that builds on the minimum standards of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). The agreement will need to be ratified by six parties to become binding. The eight signatories to date are Australia, Canada, Japan, the Republic of Korea, Morocco, New Zealand, Singapore, and the United States.

WTO: Russia WTO bid

4 October, WSJ, [News Item](#), 15 September, Reuters, [News Item](#)

Russia's bid to join the WTO by the end of 2011 now hinges on the EU and Georgia. The EU is yet to agree to Russian accession claiming that tax breaks granted by Russia on imported components for Russian automakers violate WTO rules and impede competition. Georgia's support hinges on Russia agreeing to allow it access to monitor the traffic of goods between the Russian border and the two Russian-occupied break-away regions of South Ossetia and Abkhazia. Russia claims it isn't a WTO issue. A recent two-day negotiation in Switzerland between the neighbouring states ended without result.

Brazil raises tax on autos imported from outside Mercosur

16 September, Financial Times, [News Item](#)

Brazil introduced new temporary measures to protect its automotive manufacturers and counter the loss of competitiveness due to the appreciation of the Brazilian real against the US dollar. The government increased its industrial products tax by 30 per cent on motor vehicle imports – except those from Mexico or within the Mercosur trading block – that do not meet stricter local content rules and granted tax breaks for locally produced cars. The new measures apply until the end of 2012.

Asia-Pacific

TPP: Negotiations update

13 October, AP, [News Item](#)

The eighth round of the Trans Pacific Partnership (TPP) negotiations was held in Chicago from 9 to 15 September. US negotiators presented ideas about speeding up access to generic medicines and offering greater intellectual property protections for pharmaceutical producers. The next round of talks will be held in Peru in October. Negotiators are aiming to complete an outline of the agreement in time for the November APEC Leaders' summit in Honolulu. Japan has now also signalled its interest in joining the TPP before the summit.

US Congress: China currency bill

12 October, Financial Times, [News Item](#), 14 October, Reuters, [News Item](#),

The US Senate approved a bill to impose tariffs on imports it deems to be unfairly state-subsidised. The bill was tabled in response to the claim that China has continued to devalue its currency against the US dollar. The legislation is, however, unlikely to pass in the House of Representatives over concern it will impact economic relations with China and be in potential contravention of WTO rules. The vote will be held after the Treasury Department rules on whether China is manipulating its currency. The ruling has been delayed until later this year.

APEC meetings in San Francisco

A number of APEC economies have endorsed a US proposal that APEC economies establish a common baseline amount for waiving duties and customs documentation requirements for low-value goods (known as a 'de minimis' threshold). The idea of a commercially useful threshold for waiving duties and documentation requirements was discussed by the APEC Committee on Trade and Investment at a recent meeting in San Francisco.

Pacific Islands Forum held in Auckland

8 September, Pacific Islands Forum Secretariat, [Communique](#),

The 42nd Pacific Islands Forum was held in Auckland, New Zealand, from 7 to 8 September 2011. A key issue for discussion was finalising a regional position on the draft Economic Partnership Agreement (EPA) which the member countries of the Pacific Island Forum Secretariat are negotiating with the EU. The parties aim to conclude the EPA negotiations in 2012.

Australia

Emerson pushes for progress outside Doha

17 October, The Australian, [News Item](#)

Australia's Federal Minister for Trade, Dr Craig Emerson, has led a breakaway move for pro-liberalisation WTO members toward plurilateral agreements outside the stalled Doha-round. The Minister's plan acknowledges the decade-long deadlock of the Doha-round negotiations – which began as a means to improve access for developing nations to developed nations' markets – and aims to move forward with trade agreements on a sector-by-sector basis while sidelining protectionist voices. This, following the Minister's push in April to seek help from counterpart nations to generate new impetus for a conclusion to the Doha-round.

Japan a bigger investor in Australia than China

New research on Australia's engagement in Asia by ITS Global for the Business Council of Australia reveals that Japan's Foreign investment stock in Australia rose from \$30 billion in 2006 to over \$50 billion in 2010. Over the same period, China's rose from negligible levels to around \$15 billion.

Asia white paper announced

12 October, SMH, [News Item](#)

The Gillard government has commissioned the Prime Minister's special adviser, Dr Ken Henry – author of the Tax Review commissioned by then Prime Minister Rudd in 2008 – to prepare a research white paper titled 'Australia in the Asian Century'. The white paper will be used to project a national economic strategy in Asia and to assess the course of economic and political change in the region. The report is due to be completed by mid-2012.

Carbon Tax passed

12 October, The Australian, [News Item](#)

The House of Representatives has passed a raft of bills relating to the Gillard government's carbon price scheme. The scheme will tax 500 of the largest carbon emitters from July 2012, and transition to a market based system in 2015. The package was passed despite strong disagreement from the electorate and claims Australia is moving too quickly at a time when the international community is peddling more softly on climate change and the global economy remains weak. The federal opposition has promised to repeal the legislation if elected in 2013.

Palm Oil Bill nixed

19 September, DFAT, [Press Release](#),

The Australian House of Representatives Economics Committee recommended not proceeding with the proposed palm oil labelling legislation. The Committee agreed that the Bill would be ineffective in changing labelling laws and in slowing deforestation. This is because the Bill would breach Australia's food regulation treaty with New Zealand as the Australian government has not effectively consulted with New Zealand; states and territories which have the power to legislate on food labelling will not be required to comply with the standard drafted as a result of the Bill; and Australia would be at risk of a WTO dispute with Indonesia and Malaysia.

World Trade Organization

WTO Dispute Settlement

[DS394](#), [DS395](#), and [DS398](#) – On 31 August, China notified the Dispute Settlement Body of its decision to appeal the panel reports, "China-Measures related to the exportation of various raw materials". In July, WTO upheld claims by the EU, the US and Mexico that China imposed export quotas and duties which were illegal and inconsistent with the WTO rules.

[DS396](#) and [DS403](#) – On 23 September 2011, the Philippines appealed the panel report in dispute cases DS396 and DS403, "Philippines – Taxes on Distilled Spirits". On 28 September 2011, the EU cross-appealed the panel report in dispute cases DS396 and DS403.

[DS381](#) – On 15 September, WTO panel issued a report "United States – Measures concerning the importation, marketing and sale of tuna and tuna products".

[DS399](#) – On 5 September, WTO Appellate Body issued a report in the case “United States – Measures Affecting Imports of Certain Passenger Vehicle and Light Truck Tyres From China”.

[DS406](#) – On 2 September, WTO panel issued a report “United States – Measures Affecting the Production and Sale of Clove Cigarettes”, which examined US’s ban on the production and sale of clove cigarettes.

[DS404](#) – On 2 September, Dispute Settlement Body adopted panel report which examined anti-dumping measures imposed by the US on certain frozen warm water shrimp from Viet Nam and the use of “zeroing”.

New Disputes

[DS427](#) – On 20 September 2011, the United States filed a case against China, concerning its measures imposing anti-dumping and countervailing duties on broiler products from the US.

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

Australia’s current involvement in WTO dispute settlement

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

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