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US files dispute against China over alleged export-contingent subsidies to enterprises

The United States notified the WTO Secretariat on 11 February 2015 of a request for consultations with China regarding certain measures that allegedly provide export-contingent subsidies to enterprises in several industrial sectors. These sectors include textiles, agriculture, medical products, light industry, special chemical engineering, new materials, and hardware and building materials. According to the US, China designates a cluster of enterprises in a particular industry as a Demonstration Base and then provides export-contingent subsidies to those enterprises. In addition, the US argues that China provides certain other export-contingent subsidies to Chinese manufacturers, producers, and farmers.

The request for consultations formally initiates a dispute in the WTO. Consultations give the parties an opportunity to discuss the matter and to find a satisfactory solution without proceeding further with litigation. After 60 days, if consultations have failed to resolve the dispute, the complainant may request adjudication by a panel.

Pressure Builds to Weaken the Yuan

Traders have been pushing the currency lower, against central bank efforts to stabilize itInvestors see more pain ahead for the Chinese yuan, as pressure mounts for Beijing to address slowing growth by devaluing its tightly controlled currency.

On 17th February 2015, the yuan sank to 6.2765 against the dollar in the offshore market, where investors can trade the currency freely. That compares with 6.2663 yuan per dollar a day earlier, according to data provider CQG, and the official rate of 6.133. The official rate is set daily by China's central bank. The yuan's losses reflect growing unease among investors about the economic prospects of the world's second-biggest economy. China guided the yuan higher for years, helping draw in cash and supercharge growth. The fear today is that that same money is leaking out of the country now that the economy is expanding at a more moderate pace. A falling yuan would hasten that move by reducing the value of Chinese assets.

Commodity crash reflects global economic slump

Global commodity prices have tumbled to levels below the depths of the Great Recession, underscoring the widespread difficulties facing the global economy..While crude oil's price collapse has been in the spotlight, a wide range of other commodities are suffering as well, including natural gas, coal, iron ore, copper, grain and pulp and paper. The commodity crash is the result of too little demand for raw goods now in plentiful supply after producers ramped up capacity in recent years in anticipation of steady global growth..But trouble spots are everywhere. Commodity markets have declined during worldwide turbulence as the pace of growth in China continues to slow, Russia grapples with an imploding economy and ruble and Greece struggles through an economic crisis that Europe must solve. Oil's big drop has hurt many energy-producing countries, including Canada, where low prices are hammering Alberta and reducing growth for Canada as a whole.

"China is a part of the story because the Chinese economy is slowing gradually," Ms. Mohr said.Another economic indicator also highlights weak conditions globally. The Baltic Dry Index, created in 1985 as a measure of global shipping, crumbled last week to a record low of 509 points. The BDI's woes reflect the slump in the shipping industry's prices to transport dry raw materials over 26 global routes.Economists watch the index because the amount of raw materials being shipped – from coal to grain to iron ore – provides a key indicator of consumption and manufacturing trends. The index reached a record high of 11,793 points in May, 2008, before diving during the worst of the global financial crisis in 2008-09.

The effects of slower-than-expected global demand and continued ample supplies have translated into tough times for an array of commodities."The global economy is slowing, and resource industries are very important to the Canadian economy," Ms. Mohr said.Nationally, the Conference Board of Canada predicted two weeks ago that the Canadian economy will expand almost 1.9 per cent this year, down from its previous forecast made in November for 2.4 per cent growth in 2015 and also a decline from its preliminary estimate of 2.2 per cent growth in 2014..

Greece's creditors approved economic reforms

European officials said the preliminary program was comprehensive enough to allow the bailout to continue beyond February 28, when it was due to expire.

The deal should keep Greece afloat and safely in the euro for now while it works on a more detailed, longer term plan for economic recovery.Greek stocks jumped 10%, with shares in the country's biggest banks gaining as much as 20%.Without an extension of international support, Greece risked a run on its banks and would have had trouble paying its bills.The list of reforms is in part vague and contains few numbers. It pledges to fight corruption, improve tax collection, control government spending and address rising poverty.

The Greek government has averted an immediate crisis, but now faces weeks of tough negotiations with European officials and the International Monetary Fund.

Finance Minister Yanis Varoufakis has vowed to continue fighting to "recalibrate the austerity" his left-wing party has condemned for killing the Greek economy.

That means he'll have to find ways to offset any new spending commitments, and convince Europe and the IMF that he's sticking to reforms to make Greece more competitive.

For now, investors are breathing a sigh of relief. The yield on Greece's 10-year government bond fell to 8.5%. it had been as high as 11% in recent weeks.

The European Central Bank and International Monetary Fund have already identified flaws in the list Greece submitted to its eurozone peers Tuesday.

IMF Managing Director Christine Lagarde highlighted concerns about pensions and sales taxes, privatization and labor market reforms, among others.

"It is important for me to emphasize that for the discussions ... to be successful they cannot be confined within the policy perimeters outlined in the government's list," she said.

The ECB said the proposals differed in a number of areas from the commitments Greece has made in exchange for some 240 billion euros in emergency loans since 2010."In such cases, we will have to assess whether [the] measures ... are replaced with measures of equal or better quality in terms of achieving the objectives of the program," ECB President Mario Draghi said.Greece has until the end of April to satisfy its creditors that it can deliver. If it fails, the crisis meetings will begin all over again.

Panel established on EU complaint against US over large commercial aircraft

The Dispute Settlement Body, on 23 February, established a panel to study a complaint by the European Union against the United States over alleged tax incentives for the manufacturing of large commercial aircraft. The European Union requested the immediate establishment of a panel under the “fast track” provisions of the Subsidies and Countervailing Measures (SCM) Agreement, in case of possible prohibited subsidies. The Dispute Settlement Body (DSB) established a panel. Brazil, China, India, Japan, Korea and the Russian Federation reserved their third-party rights to participate in the panel's proceedings. The EU said that, in 2013, Washington State had decided to extend, until the end of 2040, significant tax breaks already found to be illegal in 2012. These subsidies created a disadvantage to the European aircraft industry and were also conditional upon the use of domestic over imported goods. In the EU's view, the 2013 Washington State measure is inconsistent with the SCM Agreement. Consultations held on 2 February 2015 could not resolve the dispute. The United States said that it believed that its measures are fully consistent with its obligations under the relevant WTO agreements. The US was of the strong view that the EU's actions should not be allowed to delay further the first aircraft dispute, “EC — Large Civil Aircraft”, which had already suffered significant delays.

Countervailing Measures on Certain Polyethylene Terephthalate from Pakistan

Pakistan said that the measures at issue in this dispute are EU Commission regulations imposing provisional and definitive countervailing duty respectively on imports of polyethylene terephthalate (PET) from Pakistan. In its view, aspects of investigations that led to the imposition of the countervailing measure as well as some aspects of the determination or calculation of the countervailing duty were inconsistent with the SCM agreement. The EU said that it had imposed the countervailing duties based on the grounds that imports from Pakistan were receiving trade distorting subsidies and had generated an injury to the EU's PET industry.

Poorest states seek more time on medical patents

The least developed countries proposed extending their deadline for protecting and enforcing pharmaceutical patents and clinical data, and delegates exchanged information on their policies for boosting the role of women in innovation, when WTO members met as the intellectual property council on 24–25 February 2015. The new deadline would exempt them from having to protect and enforce pharmaceutical patents and clinical data submitted to obtain marketing approval until they graduate from “least-developed” status. The proposal is being made now because a 2002 decision is due to expire at the end of 2015.

Least developed countries also benefit from a general extension of the deadline to protect intellectual property and implement other WTO intellectual property obligations, including for pharmaceuticals. This is now 1 July 2021 under a 2013 decision covering all intellectual property. Because the newly-tabled proposal was not on the meeting’s agenda, but was mentioned under “other business” the discussion was brief, with a more substantial debate likely at the next meeting in June The Council on Trade-Related Aspects of Intellectual Property Rights (TRIPS) did discuss at some length women and innovation, with members describing the benefits of gender equality for innovation and entrepreneurship — such as producing and marketing products that are more useful — and what they have done to overcome inequality

Russia's debt downgraded to junk by Moody's

Moody’s has cut Russia’s debt rating by one notch into “junk” territory, saying the Ukraine crisis and the fall in oil prices and plunging rouble would further undermine Russia’s economy.Just over one month since its last downgrade of Moscow’s credit rating, Moody’s said Russia “is expected to experience a deep recession in 2015 and a continued contraction in 2016.“The decline in confidence is likely to constrain domestic demand and exacerbate the Russian economy’s already chronic underinvestment.”

Moody’s cut the rating on the country’s bonds by one step to Ba1, a “speculative” or junk grade. Previously it was Baa3.The move also came after Standard & Poor’s provoked Moscow’s ire on 26 January by cutting its rating for the country to junk level.Moody’s said on Friday that the government’s fiscal strength “will diminish materially” in the face of continuing capital flight, further lowering the country’s access to international capital markets.The agency also said that there is an increasing risk – although it is low at the moment – that the government could respond to international pressure over its role in the Ukraine crisis by deciding to slow payments on its foreign debt.Moody’s also attached a negative outlook to its rating, suggesting the country potentially faces another downgrade in the coming months.“It seems more likely that Russia will face additional sanctions than those current sanctions are lifted in the coming months. The associated economic risks are also biased to the downside,” it said.The downgrade followed a week of fighting in Ukraine that appeared to undermine a brand-new truce negotiated between the leaders of Russia, Germany, France, Ukraine and the pro-Moscow rebels.On Friday, the US, which has taken the lead in pressing for sanctions against Russia, delivered some of its harshest criticism yet, accusing Moscow of undermining the global order by supporting the rebels.“We call upon Russia to honour its commitments immediately with decisive action before we see more cities decimated and more lives lost in eastern Ukraine,” said a State Department spokeswoman, Jen Psaki.

Richest One per cent of the world

The world's richest 1%, around 70 million people (or the population of the UK and Ireland), will own more than the other 99% put together by next year.A research paper from Oxfam suggests that the wealthiest 1% own on average £1.8m each of global assets and they'll own more than 50% of the world's assets by next year.There are approximately seven billion people in the world.Eighty per cent of the world's population (about 5.6 billion people) own just 5.5% of wealth - an average of £2,500 eachThe 80 richest people in the world have the same wealth as the poorest 50% (around 3.5 billion people).Those 80 people could fit into a double-decker bus.It would take nearly 44 million buses to transport the world's poorest 50% of people. Oxfam says that 52% of global wealth not owned by the richest 1% is owned by those in the richest 20% (1.4 billion people). With 80% of the population owning 5.5% of global wealth (£2,544 per adult in 2014), the world's elite 1% has an average wealth of £1.8m per adult.