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Azevêdo welcomes call in Davos for progress at the WTO

Attending the World Economic Forum in Davos, WTO Director-General Roberto Azevêdo welcomed the strong desire shown by ministers and the private sector for new negotiated outcomes to be delivered at the WTO's Ministerial Conference in Buenos Aires in December this year. Responding to concerns about a potential rise in protectionism, the Director-General urged WTO members to show leadership and caution.

The Director-General took part in World Economic Forum sessions on global trade and investment, digital trade and protectionism, and held a series of meetings with leaders from business, labour and government. He also attended an informal ministerial gathering on WTO issues hosted by the Swiss government on 20 January. The meeting was attended by ministers from a wide range of WTO members, including Benin and Morocco, as coordinators of the WTO Least-developed Countries Group and the WTO Africa Group, respectively.

Speaking after the ministerial gathering, the Director-General said:"2017 is an important year for the WTO as we prepare for our Ministerial Conference in Buenos Aires in December. So it's very welcome that we are actually starting the year with some positive news. The WTO's Trade Facilitation Agreement is on the verge of entry into force. I received the 107th ratification today, from Nigeria. Just 3 more required for the Agreement to enter into force. This shows that members are delivering on their commitments and it means that we will be able to start delivering the benefits of the Agreement.

"Members want to build on the negotiating successes that we have built up over recent years. They want to see concrete results in Buenos Aires, and this is very welcome. A wide range of areas are now being discussed. Ideas and proposals are being put forward. Engagement is high — both from WTO members and from the private sector. We've seen that again here in Davos this week. But if we are to advance, we need to intensify this work. I will be facilitating discussions among members to move things forward — starting as soon as I get back to Geneva.

"Clearly trade is very high on the political agenda at the moment. I recognize the concerns about globalization — and the need to respond. The net positive effect of trade means nothing if you've lost your job. So we need better domestic policies to support people and get them back to work. But attacking trade won't help here. I have heard a lot of talk about protectionism and trade wars this week. That would destroy jobs, not create them. I am urging everyone to show caution and leadership. We must avoid talking ourselves into a crisis.

"Of course there is a lot of uncertainty ahead of us. But my message is: don't be paralyzed by that uncertainty. Instead we need to work even harder. Ministers agreed today to increase their engagement throughout 2017. This will be essential to keep strengthening and improving the trading system."

United States files WTO complaint against Chinese aluminum subsidies

On 12 January the United States notified the WTO Secretariat that it requested dispute consultations with China regarding alleged subsidies provided by China to its producers of primary aluminium. The United States alleges that loans and other financing to primary aluminium producers, as well as the provision by the Chinese government of coal, alumina and electricity to one producer of primary aluminium, are subsidies that appear to be causing adverse effects to the interests of the United States.

WTO IP rules amended to ease poor countries' access to affordable medicines

An amendment to the agreement on intellectual property entered into force 0n 23 January securing for developing countries a legal pathway to access affordable medicines under WTO rules. The WTO Secretariat has received in recent days notifications from five members that they have ratified the protocol amending the WTO TRIPS Agreement. These notifications — from Burkina Faso, Nigeria, Liechtenstein, the United Arab Emirates and Viet Nam — brought to two-thirds the number of WTO members which have now ratified the amendment. The two-thirds threshold was needed to formally bring the amendment into the TRIPS Agreement. Members took the decision to amend the TRIPS Agreement specifically to adapt the rules of the global trading system to the public health needs of people in poor countries. This action follows repeated calls from the multilateral system for acceptance of the amendment, most recently by the United Nations General Assembly High-Level Meeting on Ending AIDS in June 2016.

Unanimously adopted by WTO members in 2005, the protocol amending the TRIPS Agreement makes permanent a mechanism to ease poorer WTO members' access to affordable generic medicines produced in other countries. The amendment empowers importing developing and least-developed countries facing public health problems and lacking the capacity to produce drugs generically to seek such medicines from third country producers under "compulsory licensing" arrangements. Normally, most medicines produced under compulsory licences can only be provided to the domestic market in the country where they are produced. This amendment allows exporting countries to grant compulsory licences to generic suppliers exclusively for the purpose of manufacturing and exporting needed medicines to countries lacking production capacity.

The amendment provides a secure and sustained legal basis for both potential exporters and importers to adopt legislation and establish the means needed to allow countries with limited or no production capacity to import affordable generics from countries where pharmaceuticals are patented. More and more WTO members are taking practical steps to implement the system in their laws. The bulk of global medicine exports is covered by laws enabling exports under this system, opening up new options for potential beneficiaries to access a wider range of potential suppliers and enabling new, innovative procurement strategies.

Britain's Supreme Court has ruled that the UK government must hold a vote in parliament

The Supreme Court judges voted eight to three against the government, upholding a November High Court decision. The judges, who deliberated the case over four days in December, said that the legal consequences of leaving the EU were great enough to require an act of parliament to start the process.

"To proceed otherwise would be breach of settled constitutional principles stretching back many centuries," Lord David Neuberger, president of the Supreme Court, said as he read out the ruling.But the court decided that the UK government did not need the approval of devolved governments in Scotland, Northern Ireland and Wales to begin the negotiating process.

That decision is likely to be met with relief at 10 Downing Street, as 62% of Scots voted to remain in the union, and Scotland's First Minister Nicola Sturgeon has remained opposed to the country's EU withdrawal.The government said it was disappointed by the ruling, but would abide by it.

Jeremy Wright, the Attorney General for England and Wales, told reporters outside the court that ministers would "comply with the judgment of the court and do everything necessary to implement it.""The British people voted to leave the EU, and the government will deliver on their verdict -- triggering Article 50, as planned, by the end of March. Today's ruling does nothing to change that," the spokesperson said in a statement."It's important to remember that parliament backed the referendum by a margin of six to one and has already indicated its support for getting on with the process of exit to the timetable we have set out."

Brexit has become a key test of Prime Minister May's leadership. May took over the premiership after former leader David Cameron stood down over the Brexit vote. Cameron had called the referendum but had campaigned for the country to remain in the union.

Japan's Suga says a 'window' exists to for a TPP trade pact with the US despite Trump's no

Japan's Chief Cabinet Secretary conceded the Trans-Pacific Partnership (TPP) trade deal faces an uphill battle without the United States, even as Tokyo pressed other member countries to ratify the pact to keep the pressure on Washington, suggesting that Tokyo would work hard to convince President Donald Trump to rethink his stated opposition. In an interview with CNBC, Yoshihide Suga, Prime Minister Shinzo Abe's top adviser said the Japanese government would properly assert itself in trade talks, to prevent a move towards protectionism.

"A TPP without the U.S. would be incredibly difficult, but we do have a window until 2018, when the treaty needs to be ratified," Suga said. "We believe we still have an opportunity to convince the U.S. about the importance of free trade."

Trump has already vowed to withdraw from the TPP in the first 100 day of his administration, calling the pact "a potential disaster" for the U.S. In his inauguration speech, Trump reiterated his call for an "America first" policy, saying every decision on trade as well as taxes and foreign policy, would be made to benefit American workers and American families and has already moved to start potential renegotiation over the existing North American free Trade Agreement 104233449 (NAFTA).

Challenges over the TPP come, as Japan finds itself in the crosshairs of the new U.S. administration. Trump has singled out the country, alongside China and Mexico, for its trade deficit with the U.S. He's also targeted Toyota, threatening to slap the Japanese carmaker with a "border tax," if it moves forward with plans to build Corolla cars in Mexico. That has rattled Japanese lawmakers, who consider the U.S. Japan alliance a cornerstone of regional stability.

"Japanese investments into the United States top $410 billion and create 800,000 jobs" Suga said. "This is the reality of what's happening right now. As long as we convey that clearly, we believe that there will be a clear understanding on the economic front."Analysts have pointed to a slight possibility that the TPP could proceed even without the U.S.

Strong dollar drags US growth to slowest pace since 2011

The US economy slowed last year to register its worst performance since 2011 after the strong dollar sent exports tumbling and encouraged American businesses to import cheaper components from abroad. But the worsening trade position was offset by increases in consumer spending and business investment that analysts said would hand President Donald Trump a strong and growing economy.

The Department of Commerce said US national income (GDP) expanded at an annualised rate of 1.9%, down from 3.5% in the third quarter and below analysts' forecasts of a 2.2% increase. For 2016 as a whole, the economy grew 1.6%, losing top spot in the G7 group of industrialised nations to the UK's 2%. It was the worst showing since 2011 and down markedly from 2.6% growth in 2015. Analysts said the uncertainty surrounding the outcome of last year's presidential election and the UK's Brexit vote meant that forecasts of trade and GDP growth were becoming cloudy and less predictable.

The slowdown, even if it proves temporary, could also deter the Federal Reserve – the US central bank – from raising interest rates again until the picture becomes more certain. Trump and his treasury secretary, Steve Mnuchin, have insisted that the US economy can expand at a faster rate than under the Obama administration.

Mnuchin, a former financier at Goldman Sachs, said last year after his nomination that GDP growth of 4% would be achievable once Congress implemented a series of tax cuts and spending plans put forward by Trump.

But the high value of the dollar, which has hit exports, and Trump's threat to implement protectionist measures, including a 20% tariff on all Mexican imports to fund a border wall, have created uncertainty and dented Wall Street optimism for higher growth in 2017. Exports slumped by 4.5% in the last three months of the year with most of the hit coming from disappointing soybean sales, which rose sharply in the third quarter after a poor soy harvest in Argentina and Brazil before falling back to more normal levels.

America's poor trade performance subtracted 1.7 percentage points from growth in the final three months of 2016. Nevertheless, consumer confidence has remained elevated and consumer spending, which accounts for 70% of economic growth, increased by 2.5% in the last three months of 2016 while business investment nudged 2.4% higher to register its best performance in more than a year.

With a labour market that some economists say is at – or close to – full employment, the outlook for the economy remains bright, say some analysts. Wages are rising, housing construction is robust and banks are well placed to increase lending. Promised infrastructure spending by the Trump administration and the repatriation of factories by some of the biggest companies in the US are also expected to give the economy a short-term rush of activity. House construction, which had been falling for two quarters, rebounded in the fourth quarter, rising at an annual rate of 10.2% while government spending grew at a 1.2% rate as strength in state and local activity offset a drop in activity at the federal leve

Chinese growth slips to slowest pace for 26 years

China's economy slowed further last year to expand at its weakest pace for quarter of a century, with warnings that it risks losing further momentum in 2017 as Donald Trump's presidency creates new challenges for the trading superpower. The world's second-largest economy grew 6.7% last year, according to China's statistics office, meeting Beijing's target range of 6.5-7% but the slowest growth since 1990.Figures for the final quarter of 2016 alone pointed to a small pick-up in pace at the close of the year. They showed GDP growth quickened to 6.8% for October-December, the first quarterly acceleration for two years and ahead of economists' forecasts for growth to hold at 6.7%.

But news that the fourth-quarter performance was bolstered by higher government spending and record bank lending fanned fears about China's rising debt levels. Economists fear that debt could rise further this year if the government continues to inject stimulus into the economy to meet its growth targets regardless of a changing global economy.

"After another year of heady credit expansion, we estimate that China's total non-financial debt is approaching 270% of GDP, up from 250% at end-2015. If Beijing wants to keep GDP growth above the arbitrary 6.5%, we could see a ratio of 300% of GDP by the end of 2019," said Wei Yao, economist at Société Générale, referring to lending that is not from one bank to another.

Forecasters see the outlook for global growth as particularly uncertain, with a change of administration in the US, key elections in the eurozone, the UK embarking on Brexit negotiations and US interest rate rises all having repercussions for indebted emerging market economies. With China still struggling to rebalance its economy away from a reliance on manufacturing and exports, any slowdown in global trade will be keenly felt in the country.

Policymakers and investors are waiting to see which of Trump's campaign trail pledges he will push through. Some worry his protectionist stance could prompt a trade war after he fought for the presidency on an anti-globalisation platform with a vow to bring jobs back to America that he claimed had been lost to China and other countries.