

ECONOMIC UPDATE

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Members to try new approach for defining private sanitary-phytosanitary standards

A WTO committee failed to agree on a definition for private standards for food safety and animal and plant health, and deferred a decision on a mediation procedure designed to avoid legal disputes, when it met on 25–26 March 2014. Both issues have been discussed for several years in the Sanitary and Phytosanitary Measures (SPS) Committee and countries working on compromises had thought that their efforts were close to producing a consensus solution. The committee, which consists of all 159 WTO member governments, monitors how countries are applying the WTO SPS Agreement, which deals with food safety and animal and plant health, and discusses issues arising from these rules and from individual countries' measures. With no consensus on a definition for private SPS standard, the committee accepted a suggestion from Canada to look at definitions for private standards used in other international forums and to try to adapt these to SPS. However, the failure to agree on a definition aroused concern from some members (details below). A decision on the proposed compromise on the mediation procedure has been delayed until the next meeting. India wanted some issues to be clarified before it could accept the compromise.

Meanwhile, members raised their concerns — some new, some repeated — about each other's measures involving meat, animal products and live animals, shrimps, and other products, with African swine fever joining diseases that are more regularly on the agenda such as mad cow (BSE) and foot-and-mouth diseases.

They shared information with each other about their regulations or SPS administrations (US, Canada, Pakistan and Burundi), from Japan about radiation from the Fukushima nuclear power station, and from the EU on an outbreak of African swine fever in wild pigs. Nine specific trade concerns were withdrawn from the agenda or announced as resolved in the meeting. Some, such as Japan lifting a ban on fresh fruits from Argentina, Australia, Chile, Italy and Turkey, were the result of several years of negotiation. Others issues were withdrawn following bilateral talks among delegations

attending the committee meeting.

15 April marks the 20th anniversary of the WTO's founding agreements

Twenty years ago today, 15 April 2014, the WTO agreements were signed in Marrakesh, Morocco. They were the result of the 1986–94 Uruguay Round negotiations, and are the basis for the multilateral trading system in its present form. They also created the WTO. At that time, most of the 123 participating governments signed the agreement, concluding the largest trade negotiation ever, and most probably the largest negotiation of any kind in history. Now, the number has reached 159.

The WTO's creation on 1 January 1995 marked the biggest reform of international trade since after the Second World War. It also brought to reality — in an updated form — the failed attempt in 1948 to create an International Trade Organization. Most of the WTO agreements are the result of the 1986–94 Uruguay Round negotiations, signed at the Marrakesh ministerial meeting in April 1994. There are about 60 agreements and decisions totalling 550 pages. Negotiations since then have produced additional legal texts such as the Information Technology Agreement, services and accession protocols. New negotiations were launched at the Doha Ministerial Conference in November 2001.

Stocks Will Collapse by 50% in 2014

It is only a matter of time before the stock market plunges by 50% or more, according to several reputable experts. "We have no right to be surprised by a severe and imminent stock market crash," explains Mark Spitznagel, a hedge fund manager who is notorious for his hugely profitable billion-dollar bet on the 2008 crisis. "In fact, we must absolutely expect it." "We are in a gigantic financial asset bubble," warns Swiss adviser and fund manager Marc Faber. "It could burst any day." Faber doesn't hesitate to put the blame squarely on President Obama's big government policies and the Federal Reserve's risky low-rate policies, which, he says, "penalize the income earners, the savers who save, your parents — why should your parents be forced to speculate in stocks and in real estate and everything

under the sun?” Billion-dollar investor Warren Buffett is rumored to be preparing for a crash as well. The “Warren Buffett Indicator,” also known as the “Total-Market-Cap to GDP Ratio,” is breaching sell-alert status and a collapse may happen at any moment.

BRICS are so last season. Here are 10 other emerging economies to watch

Forget about BRICS, it's time to starting thinking PPICS. According to French credit body Coface, the world's emerging economies are to be found in nations like Peru, Philippines, Indonesia, Colombia and Sri Lanka. “After 10 years of frenetic growth” the emerging economies of Brazil, Russia, India, China and South Africa “are slowing down sharply,” said a report released by Coface on Tuesday. The report said average economic growth in BRICS nations this year would be 3.2 percentage points less than the average in the last 10 years. “At the same time, other emerging countries are accelerating their development,” Coface said. The 10 nations to watch were chosen because they have good production prospects and the financing to support expansion. While the PPICS are showing encouraging signs, the other nations cited in the report — Bangladesh, Ethiopia, Kenya, Tanzania, Zambia — have “very difficult or extremely difficult business environments which could hamper their growth prospects.”

Income inequality has grown more in the US than in just about any other developed country

The wealth gap in the US is worse than in almost any other developed country. And it's only growing. Oxfam's new report, "Working for the Few," is getting a lot of attention — mostly because of the newsworthy tidbit that the combined wealth of the world's richest 85 people (\$110 trillion) is equivalent to that of the poorest half of the world (3.5 billion people). I mean, that's striking. But here's something else that's shocking, though perhaps it shouldn't be. The wealth gap in the United States is greater than just about every other developed country (OECD says only Chile, Mexico and Turkey are worse). The graphs Oxfam uses in its report not only substantiate that claim, but they also show that the wealth gap has grown more in the United States than in just about any other country over the last 30 years. The data used for the graphs was taken from The World Top Incomes Database. According to Oxfam's report, the richest one percent of people in the United States have more than doubled their share of national income since 1980.

Exclusive: US expanding corporate foreign bribery probes to include hiring

U.S. government agencies that have been probing banks' hiring

of children of powerful Chinese officials are expanding existing investigations in other industries across Asia to include hiring practices, four people familiar with the matter said. The Justice Department and the Securities and Exchange Commission have been asking global companies in a range of industries including oil and gas, telecommunications and consumer products for information about their hiring practices to determine if they could amount to bribery, these people said. On Wednesday, mobile chipmaker Qualcomm Inc said it could face a civil action from U.S. authorities over alleged bribery of officials associated with state-owned companies in China. It also said it found instances in which "special hiring consideration" was given to people associated with state-owned companies or agencies in China. Qualcomm declined to comment on Friday. The Justice Department and SEC declined to comment on whether they have expanded their probes.

Some of the new inquiries have zeroed in on hires in China, South Korea and southeast Asia, including Singapore, two of the people familiar with the probes said. It was not clear how many companies were involved in the expanded probes and the people, who declined to be named because details of the investigations are not public, did not name specific firms. Hiring issues have become a focus in bribery probes as a matter of course, sources said. That reflects a change in the wake of the investigation into whether JPMorgan hired children of China's state-owned company executives with the express purpose of winning underwriting and other business, they added. If employees were hired at the direction of an official at a state-run company who was in a position to grant a U.S.-linked company business, the American firm could run afoul of the Foreign Corrupt Practices Act (FCPA), a 1970s law that bars bribes to officials of foreign governments, for instance.

Shades Of Crises Past As Russia Raises Rates Amid Falling Ruble And Capital Flight

Oligarchs in Vladimir Putin's inner circle mocked U.S. sanctions imposed after Russia annexed Crimea last month, but they are discovering it's harder to laugh off international markets. Average yields on Russian corporate debt rose to a one-month high of 6.85 percent, according to a Bloomberg report that cited Bank of America Merrill Lynch's Russia & Former Soviet States Emerging Markets index. Bloomberg said Russian government debt maturing in 2027 saw its yield jump to 9.6 percent on Friday, marking a weekly gain in the rate of 0.6 percent. Stocks in Russia fell 1.6 percent on Friday. “Russian asset prices have taken a hit,” Merrill analysts told clients in a Friday note. “Growth expectations have declined for this year and next,” he said, adding “with the consensus souring on Russia.”