



E-TISNET MONTHLY NEWS ISSUE 8/2009

*Commemorating 60 Years in Thailand
1949 - 2009*

E-TISNET Monthly News keeps you informed about the latest developments in trade and investment in Asia and the Pacific. For enquiries and subscriptions, please contact us at escap-tisnet@un.org.

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A. GLOBAL FINANCIAL CRISIS AND IMPACT ON TRADE AND INVESTMENT..... 1

B. TRADE FACILITATION AND TRADE FINANCE..... 4

C. TRADE BARRIERS 5

D. WTO-RELATED NEWS 7

E. REGIONAL AND BILATERAL TRADE AGREEMENTS 8

F. DID YOU KNOW THAT?..... 10

G. RECENT PUBLICATIONS ON TRADE AND INVESTMENT 11

A. GLOBAL FINANCIAL CRISIS AND IMPACT ON TRADE AND INVESTMENT

ASIA

Crisis shifts balance of economic power to Asia: WTO economist, *Intellasia*, 12 August, 2009

The world economic crisis is expected to shift more economic power to Asia, where signs of recovery are showing sooner than elsewhere, the WTO's chief economist predicted Monday. 'The crisis has changed the world,' Patrick Low, WTO chief economist, said at a press conference in Bangkok. 'I think it's going to shift the balance of relative power (to Asia), precisely because of the manner in which this region is recovering.' The WTO economist acknowledged that the world financial crisis has not been as severe in Asia as anticipated, particularly in the region's largest economies such as China and India. Even so, the trade organization's chief economist warned of

several looming dangers to the region. 'There is a question of whether or not we're going to have a double dip because of the need to bring prices back in control if inflationary pressure picks up as a consequence of all the stimuli that have been exercised in the region,' Low said. 'We're not quite out of the woods yet.' He said the WTO fears that the worst crisis since the 1930's Great Depression may significantly alter attitudes towards free trade.

Accessed on 12 August <<http://www.intellasia.net/news/articles/finance/111271647.shtml>>

Dynamic Enterprises Hold Key to a Return to Rapid Growth in Asia, *ADB*, 26 August 2009

MANILA, PHILIPPINES – Asia's attempts to rebalance growth towards domestic sources will in part depend on the development and growth of the region's business sector, says a new report from the Asian Development Bank (ADB). The report, published in a special chapter of Key Indicators 2009, the flagship annual statistical publication of the ADB, says a return to rapid regional growth will require stronger domestic demand, for which the emergence of a large and rapidly growing urban middle class is key. The health of Asian enterprises, especially small and medium-sized enterprises (SMEs) – where most Asian workers are employed – will be important in this regard.

Accessed on 26 August <<http://www.adb.org/Media/Articles/2009/12969-adb-key-indicators/>>

CHINA

China becomes Japan's largest trading partner in first half of 2009, *Xinhua*, 19 August 2009

TOKYO, China becomes Japan's biggest trading partner in both exports and imports in the first six months this year, as the global economic downturn affected Japan-U.S. trade more seriously, the Japan External Trade Organization (JETRO) said Wednesday. Exports to China fell 25.3 percent from a year earlier to 46.5 billion dollars and imports from the country dropped 17.8 percent to 56.2 billion dollars, however, trading with other countries and regions including the United States showed larger declines, JETRO said in its report. It is the first time exports to China surpassed those to the United States. In the January-June period, the trade with China accounted for 20.4 percent of the total trade volume of Japan, while that with the United States accounted for 13.7 percent and that with South Korea 6.1 percent. JETRO also projected a decline of Sino-Japanese trade for the whole year of 2009, the first yearly contraction since 1998 Asian financial crisis.

Accessed on 21 August

<http://news.xinhuanet.com/english/2009-08/19/content_11912240.htm>

INDIA

India: FDI increased 8% in June to \$2.58 billion, *Economic Times*, 19 August 2009

NEW DELHI: India has attracted foreign direct investment worth \$2.58 billion in June, an eight per cent increase over the same month last year, a senior official said on Wednesday. "The FDI is rising. In June, it was eight per cent more (than the same month last year)," Secretary in Department of Industrial Policy and Promotion Ajay Shankar told reporters here. In June 2008, the FDI inflow was \$2.39 billion. However, the total foreign investment inflows during April-June contracted by over 30 per cent to \$7.02 billion over the same quarter of 2008-09. In the first quarter of the previous fiscal it was \$10.07 billion. The FDI inflow in May was \$2.1 billion.

Accessed on 19 August

<<http://economictimes.indiatimes.com/Economy/FDI-increased-8-in-June-to-258-bn/articleshow/4909780.cms>>

REPUBLIC OF KOREA

Korea: Bucking trend, Korea attracts more investors, *Joongang Daily*, 24 August 2009

Direct spending by foreign businesses rose 32.4% to \$6.7 billion as of July. Foreign direct investment in Korea continues to grow even amid a stagnant global economy, according to the Ministry of Knowledge Economy yesterday. In the first seven months of this year foreign direct investment to set up offices, build factories and production lines or carry out mergers and acquisitions amounted to \$6.79 billion, a 32.4-percent increase from the same period last year. It

was also the largest foreign direct investment total in the first seven months since 2000, when the figure reached \$7.4 billion.

The increase in foreign direct investment was especially remarkable compared to neighboring Asian countries including China, Japan, Taiwan and Vietnam.

Accessed on 24 August <<http://joongangdaily.joins.com/article/view.asp?aid=2909154>>

RUSSIAN FEDERATION

Russian economy hitting 'dead end': Medvedev, *AFP*, 11 August 2009

MOSCOW — The Russian economy risks hitting "a dead end" unless it sees rapid reform, President Dmitry Medvedev said on Monday, in his most damning assessment yet of the country's economic prospects. Speaking amid a severe economic crisis that has plunged the country into a deep slowdown, Medvedev did not spare his words in admitting Russia was largely to blame for its woes. He told Russian political party leaders in the southern city of Sochi that Russia was "treading water" by not implementing reform and needed to urgently change the structure of its export-dependent economy. Many economists have already argued Russia failed to use the good times of strong growth over the last five years to lessen state ownership of the economy, halt corruption and reduce dependence on oil and gas exports. The government is forecasting a contraction of up to 8.5 percent in GDP in 2009 as lower oil prices hit the energy sector and industry battles a sharp decline in orders from abroad.

Accessed on 10 August

<<http://www.google.com/hostednews/afp/article/ALeqM5ipvpeAiu7MDwBWhAD420YzMRnmTQ>>

Russia: Foreign Investment Declines 45% in H1, *The Moscow Times*, 24 August 2009

Foreign direct investment plummeted an annual 45 percent, the most on record, to \$6.1 billion in the first six months of the year as the economy contracted at a record pace, the State Statistics Service said Friday. Overall foreign investment, including credits and flows into securities, fell 30.9 percent from a year earlier to \$32.2 billion. The service began collecting the data in 1999. Foreign investment in stocks and bonds dropped 25 percent to \$862 million compared with the same period last year, the statement said. Portfolio investments jumped more than sevenfold on a quarterly basis, as recovering oil prices helped the MICEX Index rally about 23 percent in the period. Other foreign investments, including loans from foreign banks and Russian companies' foreign divisions, were down 26.5 percent in the first half at \$25.2 billion, the data showed. Investment in the retail industry, which received the most funds in the first six months of 2008, dropped almost 41 percent to \$8 billion. The country risks losing competitiveness as foreign investment dries up and the global economic crisis prompts the government to raise its stakes in corporate stocks. State ownership of corporate stocks reached 45 percent at the end of 2008, the Institute of Contemporary Development said in a February report.

Accessed on 24 August <<http://www.themoscowtimes.com/article/600/42/381109.htm>>

THAILAND

Thailand: Economy likely to enjoy strong recovery next year, says FTI, *TNA*, 7 August 2009

BANGKOK, The Thai economy is likely to enjoy a strong recovery next year as a consequence of the planned government's major spending to stimulate the economy, according to the Federation of Thai Industries (FTI). FTI Chairman Santi Villasakdanont said the economic difficulties facing the country began to ease in the second half of this year, as witnessed by increased government tax collections. Next year would see the government spend up to one trillion baht to jump start the economy through the Thai Khem Kaeng (Stronger Thai) program. He said the amount would be used for investment to stimulate the economy in many segments including irrigation, education, transport system and logistics. The amount, if spent together with the 2010 budget and a loan facility of more than Bt200 billion extended under executive order, is sufficient to stimulate the economy. Should the government spend the amount in an appropriate and timely manner, Mr.

Santi said, the economy is very likely to pick up.

Accessed on 7 August <<http://enews.mcot.net/view.php?id=11186&t=1>>

Thailand's foreign direct investment picking up, says BoI, *TNA*, 19 August 2009

BANGKOK, Thailand's foreign direct investment (FDI) has begun to pick up with investment valued in the month of July alone surging to over Bt 20 billion (about US\$586 million), according to the Board of Investment (BoI). BoI investment advisor Hirunya Sujinai revealed that 347 FDI projects with a combined investment value of Bt73.96 billion had applied for investment promotions in the past seven months (January-July). It is expected the projects would create 30,303 new jobs for the Thai workforce. In July only, the number of investment projects seeking the investment promotions totalled 66 with the investment value of up to Bt23.97 billion (\$702 million) or 47 per cent of the total investment in the first six months. The Japanese remain the top foreign investors in Thailand with investments in 130 projects worth Bt30.18 billion in the first seven months of this year. Europeans came second with 80 investment projects worth Bt7.19 billion, followed by Chinese with 13 projects worth Bt4.75 billion. Industries in which most investors are keen on investing include public utilities, metallic parts production, machinery, and transport equipment.

Accessed on 19 August <<http://enews.mcot.net/view.php?id=11376>>

B. TRADE FACILITATION AND TRADE FINANCE

AUSTRALIA

The Export Finance and Insurance Corporation signs agreements with Korean and Thai counterparts, *Manufacturer's Monthly*, 13 August 2009

The Export Finance and Insurance Corporation (EFIC) has signed a Reciprocal Reinsurance Agreement with its Korean counterpart, the Korea Export Insurance Corporation (KEIC). Australia's export credit agency has also signed a Memorandum of Cooperation agreement with its Thai counterpart, the Export-Import Bank of Thailand (EXIM Thailand). The agreements are part of a coordinated response to the global financial crisis to ensure businesses in the Asia-Pacific region continue to have access to trade finance to sustain export activities. They represent an important contribution to the Asia-Pacific Trade Insurance Network, and also support the G20 commitment in April to make US\$250 billion available for trade finance over the next two years. The agreements are intended to assist Australian, Korean and Thai companies to collaborate more easily on international contracts and benefit from the streamlined financing packages and administrative efficiencies created under the agreement.

Accessed on 13 August

<<http://www.manmonthly.com.au/Article/EFIC-signs-agreements-with-Korean-and-Thai-counterparts/494377.aspx>>

CAMBODIA

Cambodia approves ASEAN Trade in Goods Agreement, *Philstar*, 19 August 2009

PHNOM PENH (Xinhua) - Cambodian National Assembly yesterday approved the ASEAN Trade in Goods Agreement, paving the way for the Kingdom to implement trade facilitation and tariff liberalization among ASEAN member countries. The agreement is aimed at achieving the establishment of the ASEAN market and the ASEAN Economic Community by 2015. This agreement covers, among others, tariff liberalization, elimination of non-tariff barriers, rules of origin, trade facilitation, customs procedures, standards and conformance, and sanitary and phytosanitary (SPS) measures. "It will help reduce or omit import tax, favorable tax for good items from the partners and help facilitate private sector for their business, as well as speed up the flow of investment capital from the outside world," said Nin Saphan, chairwoman for the committee of public work, transport, posts and telecommunication, industry, mine, energy, commerce, urbanization, land management and construction. "Cambodia has prepared itself to join with

other countries in regional integration like the ASEAN Trade in Goods Agreement, and for Cambodia, the agreement will come into effect in 2018. So we still have time to take actions for trade deal," said Kong Vibol, secretary of state for the Ministry of Economy and Finance.

Accessed on 19 August

<<http://www.philstar.com/Article.aspx?articleId=497341&publicationSubCategoryId=200>>

NEW ZEALAND / PACIFIC ISLANDS

New Zealand: PM welcomes Pacific trade moves, *TVNZ*, 6 August 2009

The Prime Minister says New Zealand will provide a targeted package of assistance to Pacific Island countries to support the region's development and capitalise on trade opportunities. "Trade remains a key driver for economic development in the Pacific and we want to see the Pacific producing and trading more successfully with New Zealand, Australia and other trading partners," John Key says. He says PACER Plus will focus on three key areas - trade policy and negotiating capacity, trade facilitation, and trade promotion. "It's important that we ensure all Forum island countries can take full advantage of improved trading arrangements." Key says an Office of the Chief Trade Advisor will be established to assist Forum countries to engage in trade negotiations. It will have a \$1.95 million funding package. "We are also looking at ways to support business groups and non government organisations to become more closely involved in the development of trade policy in the region." New Zealand's support for regional biosecurity, customs, and standards and conformance work will also be boosted. "We are also working closely with Australia to look at ways to promote outward trade from the Pacific with the key emphasis on private sector development and improving networks," says Key. The Prime Minister is currently at the Pacific Islands Forum in Cairns and says the initiatives demonstrate New Zealand's commitment to support sustainable economic growth in the Pacific.

Accessed on 6 August

<<http://tvnz.co.nz/business-news/pm-welcomes-pacific-trade-moves-2891257>>

C. TRADE BARRIERS

AUSTRALIA

Australia: Government douses union's trade barriers push, *Yahoo news*, 1 August 2009

The Rudd government has stared down a union push to impose trade barriers on countries that try to shirk international obligations to cut greenhouse gas emissions. Trade Minister Simon Crean led the charge against an attempt by unions to change ALP policy to "prevent environmental dumping" by developing countries that have less onerous obligations under global pacts to cut emissions. Unions fear countries such as China and India could gain an unfair advantage in producing cheaper goods if they don't have to meet such strict emissions targets. In a speech to the ALP national conference in Sydney, Mr Crean said the nation had to be vigilant against reverting to protectionism. After negotiations on the sidelines of the conference, the government remained relatively satisfied with a number of amendments that were passed during discussion of Labor's economic agenda.

Accessed on 1 August

<<http://au.news.yahoo.com/a/-/latest/5762020/govt-douses-unions-trade-barriers-push/>>

CHINA

China Complains to WTO About U.S., European Union Trade Barriers, *Trading markets*, 1 August 2009

The Chinese government directed formal complaints to the World Trade Organization referring to trade barriers set up by the EU and United States. The complaint against the U.S. had been previously issued. Specifically, China complained about the European Union's tariffs on Chinese screws and the United States' ban on imported Chinese poultry. Officials from Brussels and Washington said the restrictions are warranted by sub-par business and health practices in China.

The WTO could choose to dismiss both complaints, or allow China to increase import taxes on some goods from the U.S. and EU to make up for the amount lost.

Accessed on 1 August <<http://www.tradingmarkets.com/.site/news/Stock%20News/2455074/>>

China: Trade Barriers No Solution to Crisis, *Xinhua*, 3 August 2009

BEIJING, Increasing trade restrictions against Chinese products signify a discordant resurgence of protectionism - a development that will not only hurt China, but also hamper global economic recovery. Ministry of Commerce data show 15 countries and regions initiated 60 investigations against Chinese products for dumping and over-subsidizing goods and other suspected reasons in the first half of this year. The number of probes and the value of the goods, \$8.276 billion, are record high. Not surprisingly, those targeted were products of the steel, rubber, footwear, and aluminum industries, in which China has spent decades in building up some advantages. Since last year, investigations against Chinese steel products have forced them to beat a retreat from markets in more than a dozen countries and regions.

Accessed on 3 August <http://news.xinhuanet.com/english/2009-08/03/content_11815681.htm>

INDIA

India against US trade barrier for climate policy, *AFP*, 14 August 2009

BONN, Germany — India wants the new global climate change agreement to ban trade barriers targeting nations that refuse to accept limits on their carbon emissions, the chief Indian climate negotiator said Friday. As some 180 nations work on drafting a new climate accord, India proposed adding a clause to bar any country from taking action against another country's goods and services based on its climate policy. The clause is largely directed against efforts by U.S. Congress to impose trade penalties on countries that do not commit to specific action against greenhouse gases. Unless every country contributes more, the final agreement could become known as "greenwash Copenhagen," said Aileen Yang, the climate campaign manager for Greenpeace China.

Accessed on 14 August

<<http://www.google.com/hostednews/ap/article/ALeqM5jpokgFJzTVqBUWoSV4Qm3bXiDWIAD9A2LK700>>

THAILAND

Alongkorn: WTO's regulation to solve trade barrier problems, *NNT*, 9 August 2009

BANGKOK, - Deputy Commerce Minister Alongkorn Polaboot is confident that the trade negotiation under the regulation of the World Trade Organization (WTO) will help solve the trade barrier problem. Mr. Alongkorn stated that many countries had used non-tariff barriers due to the current economic crisis. He said all commercial ambassadors worldwide had been tasked to check if any regulations were against the WTO and analyze effects on Thai exports. The deputy minister elaborated that if any violations were found, Thailand would use the negotiation under the WTO and bilateral talk sessions to solve the problems. He asserted that the stance of Thailand was to oppose all types of non-tariff barriers as declared by Prime Minister Abhisit Vejjajiva during the past ASEAN Summit.

Accessed on 9 August <<http://thainews.prd.go.th/en/news.php?id=255208090038>>

VIETNAM

New Trade Barriers Hinder Vietnamese Tra and Basa, *TheFish Site News Desk*, 18 August 2009

VIETNAM - Tra and Basa fish exporters and processors are coping with more difficulties after the US extended technical barriers against the import of these products from Vietnam. After recent fact-finding tours of Tra and Basa fish breeding farms and processing factories in Vietnam, the US Department of Commerce announced that Vietnamese businesses have not dumped their products on its market, says VOVNews. However, the anti-dumping tariffs on these products exported to the US will be extended another five years as the US International Trade Commission (USITC) fears that its catfish industry will be seriously injured if the high tariffs are lifted.

Accessed on 18 August

<<http://www.thefishsite.com/fishnews/10609/new-trade-barriers-hinder-vietnamese-itra-i-and-i-basa-i>>

Viet Nam: Food importers crying about new food quarantine regulations, *Vietnam Net Bridge*, 18 August 2009

Vietnamese management agencies have suddenly tightened control over food imports; importers say they are suffering losses because they didn't have time to prepare for the new regulations. Just in the last half a month, management agencies have reported a series of cases in which imported food did not meet standards for food hygiene. The noteworthy thing is that the contaminated food was to be sold at supermarkets, not at traditional markets or pavement shops as some might have expected. One week ago, the veterinary sub-department in district 8 in HCM City discovered 125 consignments of products owned by Ha Long Company in Saigon Co-op's cold storage from which the warning 'this product was irradiated' had been removed. Most recently, the Binh Duong Veterinary Sub-department discovered 27 tonnes of contaminated frozen food in storage of the retailer Metro Cash & Carry. When examining 18 frozen meat items at depots of Metro in Binh Duong province, the agency discovered 705 kilogrammes of beef infected with E-Coli and Coliform at levels 2.4 times higher than the allowed levels, and 27 tonnes of chicken infected with S.aureus in the concentration 10 times higher than the permitted threshold.

Accessed on 18 August <<http://english.vietnamnet.vn/biz/2009/08/863983/>>

D. WTO-RELATED NEWS

WTO Chief Warns of Tit-for-Tat Tariffs in Trade, *Business Day*, 3 August 2009

WORLD Trade Organisation (WTO) director-general Pascal Lamy, on a visit to South Australia (SA), has warned that increased protectionism could spark a "tit-for-tat" reaction which would freeze trade and lead to dire results for world economies. The WTO boss is eager to secure an agreement on the Doha round of trade talks next year — already a lengthy nine years in the making — in part to help offset the slump in world trade spurred by the global recession. With SA a member of the Group of 20 and the biggest economy in Africa, it is vital to have the country on board, and Lamy on Friday met government, business and labour representatives to sound out SA's willingness to move forward in the multilateral trade negotiations. The WTO forecasts world trade will shrink 10% this year, its first contraction in 22 years. But while world leaders have committed themselves to push for a deal, the appetite has shrunk as countries protect national interests.

Accessed on 3 August <<http://www.businessday.co.za/articles/Content.aspx?id=77443>>

WTO upholds U.S. complaint over China's film, music, book imports, *Xinhua*, 13 August 2009

GENEVA, The World Trade Organization (WTO) ruled Wednesday in favor of a U.S. complaint over China's imports of publications and audiovisual products. The ruling largely upholds the U.S. allegations that certain Chinese measures constituted restrictions to the imports of such products and are inconsistent with WTO regulations. In response, China's Ministry of Commerce said in a statement published on its website on Thursday that China felt regrettable that the panel had not rejected the U.S. complaint about the imports and distributions of foreign publications and audiovisual products. The statement said that China has provided ample market access to foreign publications, films and audiovisual products, and all its measures are in compliance with WTO regulations.

Accessed on 13 August

<http://news.xinhuanet.com/english/2009-08/13/content_11875049.htm>

WTO meet: India to seek consensus, *Indian Express*, 27 August 2009

As New Delhi gears up to host an informal meeting of trade ministers starting from September 2,

India will lend a healing touch to help revive the stalled Doha Development Round of the World Trade Organisation (WTO). Ironically, just over a year earlier in July 2008, the global media largely blamed India for the collapse of multilateral discussions at Geneva. "(The international media) treated us unfairly. It is time for us to set the record straight," said commerce secretary Rahul Khullar on Tuesday, adding, "To be chaired by India, 40 trade ministers representing the interests of over 100 WTO members will attend the meeting. The objective is to keep contentious issues aside and build consensus instead. So, rather than haggle over specific offers from member nations, India will seek to get ministers to focus on the bigger picture: the need to close the Doha Round, which has been deliberated upon since 2001."

Accessed on 27 August

<<http://www.indianexpress.com/news/wto-meet-india-to-seek-consensus/507090/0>>

Remove Environmental Goods Talks from Doha - US Groups, *Reuters*, 4 August 2009

WASHINGTON, - U.S. business groups frustrated with the slow pace of nearly 8-year-old world trade talks urged the Obama administration on Monday to remove negotiations on environmental goods and services from the Doha round and pursue them separately. The National Foreign Trade Council and eight other business groups wrote to President Barack Obama to urge him to "use all possible channels" to pursue an agreement on reducing barriers to trade in environmental goods and services, even if that means going outside the Doha round. The organizations hope developed and developing country leaders will back the idea at the Group of 20 leaders meeting in Pittsburgh in late September. A deal could open up U.S. export opportunities in areas ranging from wind turbines to replacement parts for existing power plants to "smart meters" needed for more efficient electricity grids, said Tim Richards, managing director of international energy policy for General Electric Co.

Accessed on 4 August

<<http://www.reuters.com/article/marketsNews/idUSN0352654920090803?sp=true>>

E. REGIONAL AND BILATERAL TRADE AND INVESTMENT AGREEMENTS

ASEAN - CHINA

China-ASEAN Free Trade Zone to Cover 1.9 Billion People, *Choson Ilbo*, 17 August 2009

China and the 10-member Association of Southeast Asian Nations will become a single free trade zone next year. China and ASEAN signed an investment agreement in Bangkok on Saturday that marks the final stage of a free trade agreement. They will scrap tariffs on around 7,000 items starting on Jan. 1, 2010, accounting for 90 percent of trade between the two sides, according to CCTV. They include agricultural products, manufactured goods and services of 13 million sq. km with a population of 1.9 billion." Thai Commerce Minister Pornthiva Nakasai, who was the ASEAN representative, said the agreement "will contribute to the advancement of trade and investment" between the two sides. China's Xinhua News Agency predicted bilateral trade, which stood at US\$11.7 billion as of the end of 2008, will increase around 60 percent over the next two years. The investment agreement contains rules on investment protection, compensation for damage to investments in cases of civil unrest, easing of limitations on equity and land ownership, speedy resolutions to labor disputes and the guarantee of remittances of profits in its 27 clauses.

Accessed on 17 August

<http://english.chosun.com/site/data/html_dir/2009/08/17/2009081700290.html>

ASEAN - INDIA

ASEAN-India FTA signed in Bangkok, *The Jakarta Post*, 14 August 2009

ASEAN and India finally signed the long-awaited free trade agreement (FTA) Thursday in Bangkok, ending more than six years of intensive negotiations. Signed at the 7th ASEAN Economic Ministers (AEM)-India meeting, held in conjunction with the 41st AEM meeting from August 13 to 16, the agreement is set to take effect starting Jan. 1, 2010. "This is another ASEAN achievement,

linking the group with India, a market of 1.2 billion people whose economy is comparable to that of China, Japan and South Korea, countries with whom ASEAN has signed free trade agreements," Porntiva Nakasai, chairwoman of the AEM-India meeting, said. She expressed confidence the agreement would be an important mechanism for ASEAN member countries to strengthen and expand trade and investment with India amid the global economic downturn. Under the agreement ASEAN and India will lift import tariffs on more than 80 percent of traded products between 2013 and 2016. Tariffs on sensitive goods will be reduced to 5 percent in 2016 and those

Accessed on 14 August

<<http://www.thejakartapost.com/news/2009/08/14/aseanindia-fta-signed-bangkok.html>>

FIJI – PACIFIC

Fiji to pull out of regional trade talks, *Xinhua*, 10 August 2009

SUVA, Fiji Prime Minister Commodore Voreqe Bainimarama has said Fiji will pull out of regional trade talks, media reports said on Monday. Bainimarama was responding to comments by New Zealand Foreign Affairs Minister Murray McCully that the New Zealand government was waiting to see what Fiji would decide in relation to the talks on Pacific Agreement on Closer Economic Relations (PACER)-Plus and the Pacific Island Countries Trade Agreement (PICTA). "We will pull out from the talks," the Fijilive news website quoted Bainimarama as saying. The Fijian prime minister has threatened to quit PACER-Plus, the proposed agreement on closer regional economic relations after last week's Pacific Islands Forum meeting in Australia decided that negotiations on the agreement would go ahead without Fiji but that it would be briefed later. Fiji maintained its role in PACER-Plus and PICTA is separate to its Forum status. In a statement released on Friday, Bainimarama had said the Forum had made it impossible for Fiji to effectively defend the interests of its people under the trade agreements Fiji is a party to and had threatened to withdraw

Accessed on 10 August

<http://news.xinhuanet.com/english/2009-08/10/content_11857853.htm>

INDIA - NEPAL

India, Nepal firm up political, trade ties, *The Hindu*, 23 August 2009

NEW DELHI: After a five-day official visit, Madhav Kumar Nepal left India on Saturday, secure in the knowledge that the growing dissonance inside and outside his coalition government in Nepal will not affect the Indian commitment to underwrite his leadership in the difficult months that lie ahead. For the moment, at least. Apart from the political significance of the visit, India and Nepal on Saturday initialled the revised Treaty of Trade and Agreement of Cooperation to Control Unauthorised Trade, which will contribute to further enhancing bilateral trade. At present, India accounts for 70 per cent of Nepal's external trade and about 44 per cent of foreign direct investment. India has also promised to beef up Nepal's road and rail links in the underdeveloped Terai region and agreed to the utilisation of the Visakhapatnam port for the movement of transit traffic to and from Nepal. It will also favourably consider the request for usage of an additional sea port on its western coast. India will invest Rs. 1,485 crore in strengthening Nepal's rail and road linkages in the Terai region.

Accessed on 23 August <<http://www.hindu.com/2009/08/23/stories/2009082356750100.htm>>

JAPAN – VIET NAM

Japan: FTA with Hanoi takes effect Oct. 1, *The Japan Times*, 26 August 2009

A free-trade agreement between Japan and Vietnam will take effect Oct. 1 with the aim of liberalizing nearly 92 percent of bilateral trade in the next 10 years, the government said Tuesday.

Under the FTA, which is Japan's 11th, Tokyo will abandon tariffs on such products as fruit and shrimp imported from Vietnam. Hanoi, meanwhile, will eliminate customs duties on Japanese products including steel products, auto parts and some agricultural products. The two countries will also cooperate in the area of protecting intellectual property rights, the government said.

Accessed on 26 August <<http://search.japantimes.co.jp/cgi-bin/nb20090826a9.html>>

MALAYSIA – NEW ZEALAND

Malaysia: FTA with NZ to improve time frames, *The Star*, 10 August 2009

AUCKLAND: The bilateral free trade agreement (FTA) between Malaysia and New Zealand, which is expected to be inked by year-end, seeks to improve the time frames agreed on earlier under the Asean-Australia and New Zealand FTA. New Zealand Foreign Affairs and Trade Ministry director (Auckland office) Michael Chilton said it was “essentially an improvement in time frames for elimination (of tariffs). It’s looking at getting accelerated results.” Negotiations between the two countries, whose two-way trade was reported to be almost US\$3bil last year, were concluded in May. The ministry’s trade policy liaison unit manager, Matt Crawford, said New Zealand was looking at getting the FTA with Malaysia signed towards the end of this year. “It’ll probably come into effect six months after that,” he added.

Accessed on 10 August

<http://biz.thestar.com.my/news/story.asp?file=/2009/8/10/business/4460278&sec=business>

MYANMAR – SOUTH KOREA

Myanmar, South Korea strive for enhancing bilateral co-operation in multiple sectors, *Xinhua*, 23 August 2009

YANGON, Myanmar and South Korea have been striving for enhancing bilateral relations especially bilateral cooperation in a number of sectors such as economy, investment, education, tourism and culture. According to the official statistics, Myanmar-South Korea bilateral trade amounted to 252 million U.S. dollars in the fiscal year of 2008-09 (April-March), significantly increasing from 108.2million dollars in 2007-08. Of the total, Myanmar's export to Korea took 63.7 million dollars while its import from the East Asian country stood 188.48 million dollars. South Korea has become the 8th largest trading partner of Myanmar which exported to Korea about 3,000 items of goods covering agricultural produces, marine and forest products, and garments, while it mainly imported from Korea steel, garment, electrical and electronic goods. In a bid to boost trade with Myanmar, South Korea granted import duty free and quota free on 253 more Myanmar goods items for this year which include agricultural produces, marine and forestry products, textile and traditional handicraft products.

Accessed on 24 August

http://news.xinhuanet.com/english/2009-08/23/content_11931857.htm

PAKISTAN – USA / GERMANY

Pakistan: BITs with US, Germany to be Finalized this Year, *Business Standard*, 5 August 2009

ISLAMABAD: Bilateral Investment Treaties (BITs) between Pakistan and United States and between Pakistan and Federal Republic of Germany would be concluded during current calendar year 2009, official sources at Ministry of Investment told daily Times on Tuesday. A high level delegator is to leave for Washington soon to take part in the negotiations with US authorities and in this regard a meeting schedule is being finalised with the US authorities, said the official. Early finalisation of BIT with US, which is the largest investment and trade partner of Pakistan, would help take the existing level of investment in Pakistan further to a higher trajectory, said the official. Official sources said that Bilateral Investment Treaty (BIT) with Germany would replace the outdated agreement of 1959 and would help promoting bilateral investment especially in Pakistan. Under the proposed Pak-German BIT, clauses relating to the transparency would be further improved and a speedy and simple dispute settlement mechanism would be provided, which is expected to improve the confidence of German investors in Pakistan. The authorities expect that proposed Pak-German BIT would help increase the current level of German investment in Pakistan by three to four times annually. Germany is supporting Pakistan’s case in the European Union for having a free trade agreement with Pakistan and is a strong investment partner of the country.

Accessed on 5 August

http://www.dailytimes.com.pk/default.asp?page=2009\08\05\story_5-8-2009_pg5_1

SOUTH KOREA - INDIA

South Korea, India Imminent to Sign Bilateral Trade Pact, *Xinhua*, 4 August 2009

SEOUL, South Korea and India will sign a bilateral trade pact in Seoul this week, wrapping up three-year-long negotiations, South Korea's trade ministry said Tuesday. Launching the bilateral negotiations in March 2006, the two countries have been pushing for the so-called comprehensive economic partnership agreement (CEPA) since February this year. With India's Cabinet already giving an approval of the signing of the CEPA, the signing ceremony will be held Friday, the trade ministry said. "The trade agreement is the first of its kind with one of the BRICs countries," the ministry said in a statement, adding that it expects to further boost relations with the country. The CEPA, a similar form of free trade agreements, includes trade in goods and services and investments, along with chapters on competition and intellectual property rights. The deal will allow a tariff reduction on goods, with tariffs on auto parts expected to be eliminated over eight years. Although the tariff-removal rate is slower than the provision under most other free trade agreements, the deal with India is still expected to boost bilateral trade by up to 3.3 billion U.S. dollars, the state-run Korea Institute for International Economic Policy (KIEP) forecast. South Korea, also recently wrapping up free trade negotiations with the European Union (EU), experienced a surplus of 2.39 billion U.S. dollars from its trade with India.

Accessed on 4 August <http://news.xinhuanet.com/english/2009-08/04/content_11824769.htm>

F. DID YOU KNOW THAT?

The OECD's fastest growing carbon emitter will open a carbon credit exchange in 2012.

South Korea hopes to become the preferred market in Asia for carbon credit trading under the UN-backed Clean Development Mechanism (CDM). "Combining our financial market influence and know-how, we believe South Korea has an advantage in carbon trading," Ki-jong Woo, Secretary General of the Presidential Panel on Green Growth, tells Reuters. Under the CDM mechanism, carbon credits are given to industrialized nations which invest in projects that mitigate carbon emissions in developing countries. So far the credits have mostly been given directly to donor countries, but will in the future be traded similarly to stocks, bonds and other financial derivatives. South Korea intends to test a trading scheme by 2011 and run the carbon credit exchange from 2012. The demand for carbon credits in South Korea is huge, as its emissions doubled from 1990 to 2005 – the fastest growth in the OECD.

Source: South Korea to lead on Asian carbon trading, *COP15*, 20 August 2009

Accessed on 20 August <<http://en.cop15.dk/news/view+news?newsid=1925>>

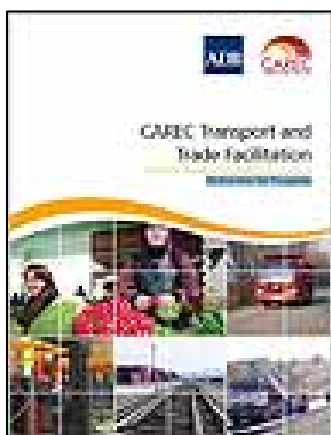
G. RECENT PUBLICATIONS ON TRADE AND INVESTMENT



The Global Enabling Trade Report 2009, Available online (PDF-Format, 394 pages, 20.07 MB). *World Economic Forum*

The Global Enabling Trade Report 2009 measures and analyzes institutions, policies, and services enabling trade in national economies around the world, highlighting for policymakers a country's strengths and the challenges to be addressed. The Report includes the most current data and recent analysis of the factors enabling trade in industrialized and emerging economies, as well as the latest thinking and research from trade experts and industry practitioners. It presents the rankings of the updated Enabling Trade Index (ETI), developed by the World Economic Forum in collaboration with international trade experts and leaders from the logistics and transport industry.

Accessed on 28 August <http://www.weforum.org/pdf/getr09_dev/GETR09_Fullreport.pdf>



CAREC Transport and Trade Facilitation, Available online (PDF-Format, 47 pages, 3,472KB). *Asian Development Bank (ADB)*

Ongoing globalization has imposed challenges on the Central Asia Regional Economic Cooperation (CAREC) countries because of current transport and trade constraints. Thus, a transport and trade facilitation strategy and implementation action plan were prepared to develop an efficient transport and trade system, which is critical to sustain economic prosperity in the CAREC region for the next 10 years. This publication presents the major elements of the strategy and the action plan, both of which support broad-based activities comprising competitive corridor development and management, trade facilitation, and sustainability enhancement by improving infrastructure, management, and technology, focusing on the six major corridors of the CAREC region.

Accessed on 27 August

<<http://www.adb.org/Documents/Reports/Carec-Transpo-Trade-Facilitation/default.asp>>



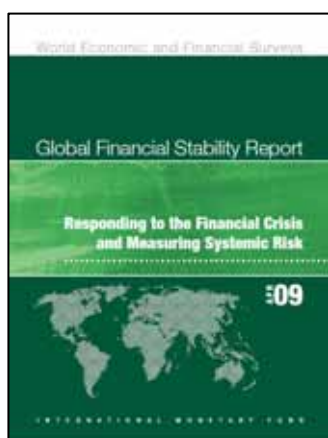
Commodity Associations—A tool for supply chain development, Available online (PDF-Format, 59 pages, 1.98 MB). *Food and Agriculture Organization (FAO)*

The topic of commodity associations was discussed at an FAO/AFMA Workshop in Bangkok in late 2008. Two of the authors presented a draft paper to that workshop and that has now been revised, and published. Discussions at the AFMA workshop are well reflected in the final paper. The authors define commodity associations as organizations that bring together a wide spectrum of interest groups related to a particular commodity or sector (such as horticulture) in a particular country. Such associations can draw membership from individual farmers or their associations, from crop buyers, processors, and distributors, and exporters, as well as from suppliers of support services. The paper explores the role of commodity associations in

improving supply chain performance. They can play an important role as a focal point for policy dialogue with government but they also have many other functions, including arbitration and regulation, setting or advising on grades and standards, promotion of trademarks or quality signs, support to research, export and domestic market promotion, and provision of information and statistics.

Accessed on 27 August

<http://www.fao.org/ag/ags/publications/docs/AGSF_OccasionalPapers/OP24_web.pdf>



Global Financial Stability Report: Responding to the Financial Crisis and Measuring Systemic Risks, Available online (PDF-Format, 251 pages, 8.19 MB). *International Monetary Fund (IMF)*.

The Global Financial Stability Report provides semiannual assessments of global financial markets and addresses emerging market financing in a global context

Accessed on 26 August

<<http://www.imf.org/external/pubs/ft/gfsr/2009/01/pdf/text.pdf>>



Commodity Development Strategies in the Integrated Framework, Available online in PDF-Format, *United Nations Development Programme (UNDP)*.

As part of the work programme of the Geneva Trade and Development Unit, a comprehensive analysis was undertaken of the 29 Diagnostic Trade Integration Studies (DTIS) available as of October 2008 to assess whether and to what extent the DTISs provide concrete recommendations and actions which can support comprehensive strategies for promoting, upgrading, diversification and value addition in manufacturing and related industrial development activities associated with commodity production. The study shows that there are significant gaps in the attention given to commodities in the existing DTISs. Useful pointers for commodity development were found.

Accessed on 31 August

<http://www.csend.org/KnowledgePublications.aspx?id=126>

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