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1. Department of Foreign Affairs and Trade (DFAT) Industry Roundtable Briefing on Trade Agreement Negotiations and Implementation

On 20 July, DFAT hosted an Industry Roundtable Briefing on current Trade Agreement Negotiations and Implementation. ACCI, and more than 50 peak organisations attended the briefing session which included an overview of:

- The WTO Doha Round;
- Australia-GCC FTA;
- Trans-Pacific Partnership Agreement (TPP);
- Anti-Counterfeiting Trade Agreement (ACTA);
- APEC;
- Australia-Japan FTA;
- Australia-China FTA;
- Australia-Korea FTA;
- Australia-Malaysia FTA;
- Pacific Agreement on Closer Economic Relations (PACER) Plus;
- Australia-New Zealand (ANZCERTA); and
- Discussions of Australia's existing FTAs.

In summary, the WTO Doha Round remains DFAT's key trade priority, although solid progress is being made in respect to the TPP and the Australia-Korea FTA. DFAT advised that they believed that the Australia-Korea FTA could be finalised by the end of 2010.

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2. East Asian Summit to include the US and Russia

The Association of Southeast Asian Nations (ASEAN) has decided to expand the East Asia Summit (EAS) to include the United States and Russia. India is an EAS member.

The 16-nation EAS, "a leaders-driven forum," now consists of all 10 ASEAN members and six of their "dialogue partners" — Australia, China, India, Japan, New Zealand and South Korea.

ASEAN has also agreed to establish "connectivity" — its shorthand for "land, sea, air, electronic, and energy links" — with neighbours such as China and India. These decisions were announced by Singapore Foreign Minister George Yeo on the sidelines of the ongoing ASEAN-led ministerial meetings in Hanoi. Singapore is one of ASEAN's founding-members, and India is among the participating dialogue partners.

Mr. Yeo said: "The ASEAN Coordinating Council [of ministers] will come to a formal decision and, at some point in time, make a recommendation to the [ASEAN] leaders to enlarge the EAS to include Russia and the United States." By emphasizing that "we are likely to stop there," he indicated that there would be no further expansion.

The admission of the U.S. and Russia "will be achievable [by] next year." Dialogue partners in the EAS such as China and India would also be "consulted." And, the objective would be to keep an expanded EAS going as an "ASEAN-led" forum, "even though ASEAN is not strong compared to the big powers in the region."

3. Resistance growing in the US to US-Korea FTA

More than 100 lawmakers in the US recently wrote to President Barack Obama yesterday demanding "major changes" to a landmark free trade agreement with Korea, which they called a "job-killing" pact.

Obama has been looking to finalize the deal before the Group of 20 Summit in Seoul this November so that he can present it to Congress after the event, despite concerns from U.S. cattlemen and carmakers.

But opposition to the deal have escalated when 109 Democratic legislators in the House of Representatives sent a joint letter to the president, seeking a meeting to address specific provisions in the FTA involving financial services, investment and labor. They also "strongly object" to non-tariff barriers to the Korean market that could harm the U.S. auto, beef and textile sectors.

"At a time when our economy is struggling to recover from the worst downturn since the Great Depression, it is unthinkable to consider moving forward with another job-killing FTA," the lawmakers said. In addition, they said, implementing the FTA "without major changes will exacerbate the U.S. trade deficit [and] further erode the U.S. manufacturing base."

The pact is "simply out of touch with what the overwhelming majority of American people want," they said.

4. World trade growth forecast raised by WTO

The World Trade Organization (WTO) last week raised its forecast for growth of global commerce to 10% this year, with its director general saying that even this might yet "turn out to be too low."

WTO chief Pascal Lamy said: "Our forecast for world trade this year is plus 10% in volume after the minus 12 [%] we registered in '09." Mr. Lamy was speaking to reporters, at the launch of the trade body's annual report on the sidelines of the Shanghai World Expo.

In a separate speech at Shanghai's Institute of Foreign Trade, the WTO director general said that after last year's dramatic slump, "trade growth is coming back fast, thanks in no small measure to the continuing dynamism of China and the others."

"Unless there are unanticipated negative economic impacts in the second half of 2010, this estimate (of 10%) may even turn out to be too low," he added.

The WTO's latest forecast marks a rise from the 9.5% issued in March. The secretariat had warned then that the figure could prove too optimistic as markets were at that point unsettled by Europe's sovereign debt crisis.

In the trade body's annual trade report, the WTO focused on the issue of trade in natural resources. It called for greater global cooperation on such trade, warning that a failure to work together could spark new tensions.

"I believe not only that there is room for mutually beneficial negotiating trade-offs that encompass natural resources trade, but also that a failure to address these issues could be a recipe for growing tension in international trade relations," said Mr. Lamy in the report.

The value of world trade in natural resources -- including fisheries, fuels, forestry products and mining -- reached US\$3.7 trillion in 2008, close to a quarter of world merchandise trade. Trade in such products had surged more than sixfold between 1998 and 2008 mainly due to sharp rises in fuel prices, noted the WTO.

Russia topped the list of leading natural resource exporters, with a share of 9.1% in 2008. Saudi Arabia was the next biggest exporters, with a share of 7.6%. The United States meanwhile is the biggest importer, buying some 15.2% of natural resources traded in 2008.

Japan was the next biggest importer with 9.1% and China a close third with 8.6%. But as natural resources are finite or requires time for natural replenishment, resource-rich countries typically restrict their export volumes through export taxes or quotas, said the WTO.

Such measures help to improve conservation of resources and can help push countries to diversify their exports away from the natural resource sectors. However, the WTO warned that such trade barriers can be problematic. They can lead to retaliation or rising world prices. Mr. Lamy pushed for "well-designed trade rules" to address environmental protection and management of natural resources.

"We would greatly enhance our chances of positive action in this area if we were to come to a prompt closure of the Doha Round," he said.

5. APEC 2011: USA

The National Center for APEC (NCAPEC) launched the APEC 2011 USA Host Committee last week, aiming to establish a year-long series of programs to promote U.S. private sector engagement with the Asia-Pacific region in advance of the APEC 2011 meeting in Honolulu, Hawaii.

According to United States Trade Representative Ron Kirk, "APEC 2011 is a wonderful way, along with the U.S.-Korea Free Trade Agreement and Trans-Pacific Partnership Agreement, to help improve our global economic engagement. It is

critical that we all articulate to the American public how our economic future is tied to our partners in the Asia-Pacific region.”

2011 will mark the first time that the United States will host the APEC Summit since its inception in 1993. NCAPEC is working on behalf of the U.S. private sector to provide the business community with a collective voice as the United States works with APEC member nations to improve trade and ultimately, the global economy.