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1. International Arbitration in Australia and Beyond

Members are alerted to the September seminar series, "International Arbitration in Australia and Beyond" to be held in Sydney (13-14th September) and Perth (16th-17th September). The seminars are jointly hosted by the International Chamber of Commerce Regional Office, Asia, and ICC Australia, and supported by CCIWA and NSWBC. Expert arbitrators will address a range of issues related to international arbitration and developments, legislative changes to the arbitration framework in Australia and developments in international trade, banking and finance, and, mining and exploration in Australia. The seminars have been developed to target an audience of in-house counsels of corporations, SMEs and business users on the first seminar day in each city, and arbitrators and practitioners on the second day. For further information, or to book, please contact drs@iccasia.com.sg, or check the ICC Australia website [here](#).

2. International Chamber of Commerce Publications

The publications list on the International Chamber of Commerce Australia website has recently been updated following notice from the ICC Paris. A wide range of publications are available for purchase, several at significantly reduced prices. Topics range from models for international commercial agreements to arbitration reference material and a guide to export-import basics. New books include *Incoterms 2010*, detailing the current ICC interpretation of terms related to the international carriage/delivery of goods, which will arrive in Australia late this month. Interested members may wish to view titles and prices on the ICC Australia website [here](#).

3. Business Risks in International Trade

When an enterprise engages in international trade, business risks increase and the enterprise also encounters new types of business risk that were not present in the home market. If the firm is setting up an office or branch in the foreign country, it must contend with different customs, business practices and probably a different language. Local laws and regulations will be different and advice from a local consultant will almost certainly be needed.

The enterprise will encounter currency risk – the risk of losing money owing to movement in the exchange rate between the home currency and that used in the foreign country. The enterprise can react to this by adopting a hedging strategy, perhaps involving the acquisition of options to offset the currency risk.

The risk of damage to goods in transit increases where the trade is conducted in a foreign currency, and there is also an increased risk of delays in delivery which may spoil a perishable product and potentially lose foreign customers. The risk of non-payment also increases when cross-border transactions are involved. All these outcomes can arise as a result of a misunderstanding with the foreign customer due to language problems or imprecision in the contract terms.

For this reason, the contract with the foreign customer is of the utmost importance and needs to be drawn up in such a way that there is no misunderstanding about the contract terms. In particular, the method of payment must be clearly set out, and there must be definite arrangements as to which party is responsible for the freight charges and insurance of the goods for each stage of their journey.

The language used in the contract must be as standardised as possible so that terms used are familiar to both parties. Internationally accepted contract terms should be used, such as those laid out by the International Chamber of Commerce in the Incoterms. These will leave no room for misunderstanding as to which party to the contract is responsible for insurance, freight and other costs at each stage. The agreed terms of the contract between the parties must then be implemented in the relevant contracts with third parties for freight and insurance.

There is also a risk of interference in the business by the government of the foreign country, which increases where the enterprise has a branch or subsidiary in the foreign country. The government may decide to discriminate against foreign companies by imposing unfair health and safety regulations, fines, punitive taxes or even nationalising the business or parts of it.

The enterprise must take these political risks into account before deciding to trade in the foreign country. It would always be wise to check if there is an investment protection treaty or a double taxation treaty between the home country and the foreign country and examine the terms to see what protection might be given against excessive foreign government interference. Careful planning before a foreign branch or subsidiary is set up can avoid some of the potential problems.

In an extreme case, where a foreign government is overthrown and the new regime does not respect any existing treaties, losses can be severe. This risk must be fully taken into account before any decision is taken to establish a presence in a foreign country. Nothing

can take the place of acquiring all relevant information and advice before deciding to do business in a particular country.

4. Bank of Japan starts emergency policy meeting

The Bank of Japan (BoJ) was holding an emergency policy meeting on 30 August amid speculation it will implement additional easing measures to help the economy, which is being battered by a strong yen.

"Today... the chairman of the Policy Board decided to call an unscheduled monetary policy meeting," the central bank said in a statement announcing the meeting, which started at 9:00 am.

The meeting came as the government prepares to announce an outline of a new stimulus package on Tuesday with an appreciating yen seen harming the nation's fragile export-led recovery.

BoJ Governor Masaaki Shirakawa returned to Tokyo on Sunday from the United States, a day earlier than originally scheduled, for the hastily convened gathering.

The central bank said in the statement the policy meeting was to "discuss monetary control matters based on recent economic and financial developments".

Prime Minister Naoto Kan said he would meet Shirakawa later Monday to discuss foreign exchange rates and measures to boost the economy.

The yen last week hit 15-year highs against the dollar, threatening exporters as it makes their products relatively more expensive overseas while eroding repatriated profits.

Japan has long relied on its export sector for economic growth.

The country remains under pressure to safeguard its fragile recovery, with weak gross domestic product growth of an annualised 0.4 percent in the second quarter pointing to a slowdown.

Kan said Friday he would outline measures to counter the effects of the yen's strength this week and implied possible intervention by saying he would take "determined steps when necessary".

Media have speculated that the BoJ might expand its program to provide funds to financial institutions at a fixed 0.1 percent for three months.

5. India and ASEAN meet to discuss services

Trade ministers from India and the 10-member Asean bloc will try to fast-track the bilateral services and investment agreement in a two-day meeting beginning in Danang in Vietnam on Thursday. Attempts will be made to add detail to the offers made by the ASEAN countries so far, in a last ditch attempt to ensure that the negotiations are wrapped up

during the India-ASEAN Summit in October this year.

India will be represented by Commerce and Industry Minister Anand Sharma who is leading a delegation of top officials for the talks, according to an official release.

“While hard-core negotiations will not take place during the ministerial meeting, India will point out to ASEAN that it needs to bring in seriousness into the talks by making substantial offers,” a commerce department official said.

The ASEAN group includes Brunei, Cambodia, Indonesia, Thailand, Singapore, Malaysia, Vietnam, Philippines, Laos and Myanmar.

Mr Sharma will also urge his Asean counterparts to take on substantial commitments for ensuring smooth movement of professionals within India and the region especially in sectors such as health and education.

The Asean countries have made offers for opening up just a handful of services sectors against more than 150 service categories.

India is keen on ensuring a quick conclusion of the services and investments negotiations as the bilateral agreement on goods has already been signed and implemented early this year. India – ASEAN trade stood at \$43.5 billion in 2009-10 and is targeted to reach \$70 billion by 2012.

The country expects to gain most from the services agreement as there is a lot of scope for Indian professionals to work in countries such as Singapore, Malaysia and Indonesia where there is a substantial English-speaking population.

Initially, both India and the ASEAN were confident that the services and investment deal would be sealed at the October India-ASEAN meet in Hanoi, Vietnam, to be attended by prime minister Manmohan Singh. However, things do not appear to have moved fast enough over the past few months.

“The Asean countries have not been too forthcoming in the services negotiations. We certainly hope that the ministerial meeting brings in more seriousness into the talks so that attempts are made to meet the October deadline,” the official added.

6. Korean Ambassador to U.S. urges free trade agreement

Addressing Naperville Chamber of Commerce members Tuesday, South Korean Ambassador Han Duk-Soo urged Americans to support free trade between the two countries.

"The U.S.-Korean Free Trade Agreement would bring our alliance into the 21st century," he said. "It will be a new bond that will hold our two countries closer together. I hope you will all join me in waving the flag for this agreement. In the end, success will not come from people like me, it will come from people like you."

Ambassador Han, a former prime minister, deputy prime minister and minister of finance addressed the gathering as part of the U.S. Chamber of Commerce's "The U.S.-Korea Partnership: Growing Jobs Across America". The U.S. chamber is urging members to petition President Obama to approve the pending U.S.-Korea Free Trade Agreement at the G20 Summit in Seoul in November. It was approved in 2007 by President Bush.

"It has been languishing ever since, because of more important policies in Washington, and worries about some parts of it," he said. Many of those concerns, he said, were "misunderstandings."

"I hear people argue that our auto industry is closed to imports. There was a time when that was true, but that time has long gone," he said. "As the South Korean ambassador to the U.S., I would like to see more Chryslers and GM cars in Korea than BMWs and Hondas."

Ambassador Han said a free trade agreement would benefit the U.S. and Illinois in three ways -- jobs, economic growth and security with shared values.

"Korea is the third largest importer of agricultural products," he said. "The FTA would give U.S. farmers an advantage. Illinois is the fifth largest exporter of agriculture in the U.S."

State Rep. Darlene Senger, R-Naperville, said she believes the agreement will be ratified in November.

"I am totally in agreement," she said. "His statistics speak for themselves."

7. Taiwan and Singapore to discuss a free trade agreement

Taiwan and Singapore have begun trade talks on a free trade agreement. Both sides are now waiting to see how mainland China will react. In the past, Beijing had opposed similar deals between Taiwan and other countries.

"We will pursue this deal," Taiwanese presidential office spokesman Lo Chih-chiang said. "It's basically a Free Trade Agreement, though we may use a different name," he added. "Singapore is an economic hub in Asia, and trade is Taiwan's lifeblood."

A statement from Singapore's Taipei trade office said the two sides had "agreed to explore the feasibility" of an agreement under the World Trade Organisation (WTO) and would meet later in the year for discussions.

“Singapore can be a very important bridge for us both economically and strategically, allowing us to form closer economic co-operation with other trade partners,” Lo said.

Previously, Beijing had systematically opposed such deals because it considers the island a rebel province and denies it any international status. It has always thrown around its diplomatic and economic weight to prevent Taiwan from signing any agreement with foreign states. Ten years ago, it did the same with a prior attempt to negotiate a free trade with Singapore.

However, Beijing and Taipei have improved relations lately. Under Taiwanese President Ma Ying-Jeou, an Economic Cooperation Framework Agreement (ECFA) was signed with the mainland. It is expected to boost cross-strait trade substantially.

According to official Taiwanese sources, Beijing in July said it would not oppose trade deals between Taiwan and other countries.

For Taipei, such a deal would be important because it would be the first of its kind and because Singapore is a member of the Association of Southeast Asian Nations (ASEAN) and could provide Taiwan access to the entire ASEAN area.

For Singapore, a free trade pact with Taiwan would provide a privileged route for access to the mainland’s huge market via the ECFA.

Taiwan is Asia’s fifth-biggest exporter and its technology companies are an indispensable part of the global supply chain for a host of electronic goods.

8. ASEAN trade with China surges 55% after free-trade agreement ends barriers

China said the Association of Southeast Asian Nations has become its fourth-largest trading partner, buoyed by a free trade accord that took effect 1 January.

Trade surged 55 percent in the first six months of the year to \$136.5 billion, according to data compiled by some news agencies. Chinese exports to the 10-member group climbed 45 percent to \$64.6 billion and imports rose 64 percent from a year earlier to \$71.9 billion.

“The China-Asean Free Trade Area has brought real benefits to companies and people from both sides,” Vice Commerce Minister Gao Hucheng said in a statement posted on the government’s web site yesterday. “ASEAN has become China’s fourth-largest trade partner.”

The free-trade agreement scrapped tariffs on about 90 percent of goods between China and ASEAN, whose members are led by Indonesia, Thailand and Malaysia.

Direct investments by China in ASEAN nations amounted to \$1.2 billion in the first half while the group’s members invested \$3.1 billion in China during the same period, Gao said without giving comparative figures.

“The government will actively support companies that are able and willing to go out and invest in ASEAN nations,” with a focus on infrastructure, Gao said.

The 7th China-ASEAN Expo will be held in China’s southern Nanning from 20-24 October, to showcase low and zero-tariff products, as well as providing data base and trade-matching systems to facilitate trade and investment, Gao said.