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Trade Policy Review and Chinese Trade balance

During the period under review (2012-14), China's economy has experienced stable growth, with real GDP expanding by 7.7% annually, in both 2012 and 2013, and forecast at 7.5% for 2014. The driving force behind growth was strong domestic demand, mainly private consumption, triggered by a policy of fiscal expansion, by rising incomes, and by credit availability. The Chinese Government continues to promote consumption expansion through specific measures, including a structural tax reduction policy. China's strong domestic demand, including for imports, has continued to contribute to global economic growth. Consumer price inflation, which had reached 5.4% in 2011, slowed down in 2012 and 2013, due to lower commodity prices, wage increase moderation and more contained domestic food and energy prices hikes. 2. China's traditional external current account surplus reflects the excess of national savings over investment. The faster growth of consumption has reduced China's savings-investment gap somewhat during the past few years, and this has translated into a lower current account surplus (2% of GDP in 2013, down from 4% in 2010). However, the levels of both savings and investment continue to be very high, representing some 50% and 47% of GDP, respectively.

US — Countervailing and Anti-Dumping Measures (China)

This dispute concerns two different US measures: (1) Section 1 of US Public Law (PL) 112-99 entitled "An act to apply the countervailing duty provisions of the US Tariff Act of 1930 to nonmarket economy countries, and for other purposes", which was enacted on 13 March 2012; and (2) the United States' alleged failure to investigate whether so-called "double remedies" arose from 25 parallel countervailing duty (CVD) and anti-dumping proceedings, initiated over the period 2006-2012, involving imports from China as a nonmarket economy country under US law.

In respect of Section 1, China raised claims under Articles X:1, X:2, and X:3(b) of the GATT 1994. The Panel disagreed with China that Section 1 was made effective in 2006 and determined that it was made effective in 2012. The Panel thus concluded that Section 1 was published promptly after it had been made effective because it was made effective and published on the same date. Accordingly, the United States did not act inconsistently with Article X:1 of the GATT 1994.

As regards Article X:2, the majority of the Panel determined that although Section 1 is a measure of general application that has been "enforced" prior to its official publication, Section 1 falls outside the scope of Article X:2 because it neither effects an "advance" in a rate of duty or other charge on imports under an established or uniform practice, nor imposes a "new" or "more burdensome" requirement or restriction on imports. According to the Panel majority, the United States did not therefore act inconsistently with Article X:2 of the GATT 1994.

One panelist disagreed in part, finding that Section 1 does effect an advance in a rate of duty or other charge on imports under an established and uniform practice, and imposes a new or more burdensome requirement or restriction on imports, and that therefore, Section 1 falls within the scope of Article X:2. The dissenting panelist thus concluded that the United States had acted inconsistently with Article X:2 of the GATT 1994.

Finally, the Panel ruled that Article X:3(b) does not prohibit legislation similar in nature to PL 112-99. In other words, the requirement in Article X:3 that tribunals "shall be independent of the agencies entrusted with administrative enforcement and their decisions shall be implemented by, and shall govern the practice of, such agencies unless an appeal is lodged" does not prohibit legislation superseding decisions of domestic courts or tribunals that are pending when the legislation comes into force. In the Panel's view, the United States did not therefore act inconsistently with Article X:3(b) of the GATT 1994.

As regards China's claims relating to "double remedies", the Panel determined that the United States did not investigate whether "double remedies" arose in the proceedings at issue, and that it was therefore acting inconsistently with Articles 19.3, 10 and 32.1 of the SCM

Agreement

Azevêdo welcomes launch of plurilateral environmental goods negotiations

Fourteen WTO members launched plurilateral negotiations for an Environmental Goods Agreement on 8 July 2014 at the WTO. These members said the talks will promote green growth and sustainable development while providing impetus for the conclusion of the Doha Round. The participants said the talks are open to any WTO member and that the results will be applied in accordance with the most-favoured nation principle, under which WTO members should treat their trading partners in a non-discriminatory manner. Taking part are Australia, Canada, China, Chinese Taipei, Costa Rica, the European Union, Hong Kong China, Japan, New Zealand, Norway, Singapore, the Republic of Korea, Switzerland and the United States, which make up 86 per cent of global environmental goods trade

WTO backs key Indian claims in case against U.S. steel duties

The World Trade Organization (WTO) on Monday backed some key claims by India against U.S. countervailing duties on certain steel products, but rejected others. The WTO panel, ruling on the April 2012 case, said that the United States had acted wrongly in claiming some Indian subsidy programmes had given Tata [TATAI.UL] unfair advantage. It called on Washington to bring its measures into conformity with WTO rules.

India avoids ratings downgrade as IMF cuts global growth

India managed to avoid a ratings downgrade in the International Monetary Fund's (IMF) Thursday forecast for global economic growth, where the organization chopped its growth forecast figures to take into account weakness early in the year in the United States and China, the world's two biggest economies. Out of the BRICS countries - Brazil, Russia, India, China and South Africa - only India avoided an IMF ratings downgrade, as business sentiment recovers after the country's election. The IMF warned that only some of the factors leading to the reduction were temporary, and richer nations in particular faced the risk of economic stagnation unless they took steps to foster sustainable growth. In an update to its World Economic Outlook report, the IMF said the global economy should expand 3.4 per cent this year, 0.3 percentage points below what it predicted in April. Growth should still speed up to 4 per cent next year, it said, unchanged from what it predicted earlier this year. But the Fund said a robust global recovery from the deep financial troubles of 2007-09 was still not assured, and geo-political risks from the crises in the Middle East and Ukraine could dent growth further.

UK lauds India's efforts to reduce poverty

The British government appreciated India's fast movement towards poverty reduction with inclusiveness and said Prime Minister Narendra Modi's stress on investment in growth and infrastructure was encouraging. Applauding India's efforts to alleviate poverty, Baroness Northover, government's spokesperson on international development, told the House of Lords on Thursday that poverty alleviation in India was a slow process. However, in the past decade the number of Indians living in extreme poverty had come down from 37 per cent to 22 per cent. There was a spate of questions on poverty in India during question time in the house, prompting an Indian-origin peer Lord Swraj Paul to question the UK's interests of seeing poverty eradicated in India. He believed there lay deeper interests in strengthening the market for sales of the UK military hardware.

Baroness Northover told him that India was an important bilateral partner and her department was strongly engaged in trying to eliminate poverty.

Japan's Output Drops most since 2011 as Consumers Spend Less

Japanese industrial output fell the most since the March 2011 earthquake, highlighting the widening impact to the economy of April's sales-tax increase. Industrial output dropped 3.3 percent in June from May, the trade ministry said today in Tokyo, more than twice the median forecast for a 1.2 percent contraction in a Bloomberg News survey of 31 economists. The manufacturing sector has cut back in response to a slump in consumer spending and a failure of exports to pick up even after an 18 percent drop in the yen last year. Honda Motor Co. (7267) and Nissan Motor Co. (7201) this week reported jumps in profit, showing how the weaker currency is contributing to earnings gains without bolstering the economy.

“Today's data are very ugly - companies are becoming even more cautious on the outlook for the economy after the sales-tax hike,” said Taro Saito, director of economic research at NLI Research Institute in Tokyo. “Japan's economy doesn't have a driving force, with consumer spending and exports having stalled.”The yen was little changed after the output data, trading at 102.13 against the dollar at 12:11 p.m. in Tokyo. The Japanese currency has climbed about 3 percent this year after its 18 percent drop in 2013. The Topix index was up 0.1 percent in morning trading after closing at a six-month high yesterday