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YEMEN TO BECOME 160TH WTO MEMBER

By depositing the document with Director-General Roberto Azevêdo, Yemen activated the 30-day countdown to its WTO membership which will be effective on 26 June 2014. In the "Instrument of Acceptance", the Yemeni government declares that the law approving Yemen's Protocol of Accession enacted by Parliament was issued by the President of Yemen on 11 May 2014.Yemen applied for WTO membership in April 2000. It completed its application process on 26 September 2013 when the Working Party concluded its accessions negotiations and adopted the report of the Working Party *ad referendum* (ie subject to formal approval by the Ministerial Conference).

India launches safeguard investigation on "flexible slabstock polyol"

On 26 May 2014, India notified the WTO's Committee on Safeguards that it initiated on 22 May 2014 a safeguard investigation on "flexible slabstock polyol". "All interested parties may make their views known within a period of 30 days from the date of the notice issued (i.e. 22 May 2014) by the Director General (Safeguards) to: The Director General (Safeguards) Any other party to the investigation who wishes to be considered as an interested party may submit its request so as to reach the Director General (Safeguards) on the aforementioned address within 15 days from the date of the aforesaid date of notice of the Director General (Safeguards)." What is a safeguard investigation?

A safeguard investigation seeks to determine whether increased imports of a product are causing, or is threatening to cause, serious injury to a domestic industry.

During a safeguard investigation, importers, exporters and other interested parties may present evidence and views and respond to the presentations of other parties.

A WTO member may take a safeguard action (i.e. restrict imports of a product temporarily) only if the increased imports of the product are found to be causing, or threatening to cause, serious injury.

Economic impacts due to rising Russia-Ukraine tension

The rising tension in lieu of the events happening in Russia and Ukraine may lead to a number of consequences for the global economy. Here are three of them:

1) A possible increase in Western economic sanctions that are placed on Russia will hit the latter badly in terms of investment and trade, among others. It seems that Russia has more to lose given that there are shoots of recovery for the global economy and being slapped with heavy sanctions would mean that Russia would be unable to partake in it.

2) Because of possible Western economic sanctions, Russia is threatening to cut supply of gas to European countries; Russia currently supplies almost one third of Europe's total gas consumption. While this is likely to be a last resort, such an event would be a huge blow to both parties if matters get out of hand.

3) Russia, in addition to its status as a hugely-important supplier of energy, is a big importer and investor in Europe. Consequently, the region may stand to lose up to US$170 billion in annual exports to Russia – not to mention the loss of gas supply if Russia decides to cut the spigot – if economic sanctions are put in place.

The high stakes Trans Pacific Partnership (TPP)

As reported by British newswire *BBC News,* U.S. president Barack Obama recently visited Japan to discuss the TPP, an economic partnership that includes 10 more nations situated at the Pacific Rim, namely Malaysia, Brunei, Australia, Singapore, New Zealand, Mexico, Canada, Peru, and Chile. These 12 nations collectively account for almost 60% of the world's total GDP and controls around a quarter of global trade. If the TPP is successfully put in place, it will create the largest free trade area in the world which would add US$305 billion annually to global exports according to U.S. estimates. Half of that will be through an increase in US exports of US$123.5 billion.

Bank of Japan confident about recovery

The Bank of Japan has begun shifting its focus from supporting growth to ways of phasing out its massive stimulus, taking first tentative steps towards a potentially momentous move for the world economy.

Current and former central bankers familiar with internal discussions say an informal debate is under way on how to prepare for an exit from the BOJ's 13-month-old "quantitative and qualitative monetary easing."

The stimulus is a centerpiece of Prime Minister Shinzo Abe's campaign to end two decades of deflation and fitful growth, and BOJ Governor Haruhiko Kuroda has vowed to keep cheap cash flowing until his 2 percent inflation target is in plain sight.

IMF warns banking reform has not made enough progress

Banking reforms aimed at preventing another financial crisis have failed to make enough progress, the boss of the International Monetary Fund has warned.IMF managing director Christine Lagarde blamed a combination of the complexity involved, industry lobbying and "fatigue" for the delay."The industry still prizes short-term profit over long-term prudence," Ms Lagarde said at a conference on the future of capitalism.. She said inequality was "an issue" too.Speaking to the BBC, Ms Lagarde noted that inequality was rising."To the extent that inequality is not particularly supportive of sustainable growth, it's an issue and one that we have to look at carefully and try to address in order to maintain stability and sustainability of economies," she said. In her speech to the Inclusive Capitalism conference, she recommended income and property tax changes to reduce inequality, attacked the financial sector for not changing its behaviour quickly enough and said that inequality in the UK was at levels not seen for almost a century. It was highly political, quoting Pope Francis, John F Kennedy and Winston Churchill. It was also a demand for the players at the top of business and politics to understand that "trust arrives on foot and leaves in a Ferrari". Capitalism needs to change its ways, she said. Ms Lagarde will be back in the UK next month for the IMF's major study on the British economy, its Article 4 report. This speech will certainly spice that event up.

In her speech, Ms Lagarde said some of the biggest problems were with the so-called "too-big-to-fail firms", banks whose collapse would cause such a big knock-on effect on the wider economy that governments were still expected to rescue them. She said a recent IMF study indicated that such banks were still "major sources of systemic risk" and called for "tougher regulation and tighter supervision" to tackle the issue. Their implicit subsidy is still going strongly - amounting to about $70bn (£41.5bn) in the US, and up to $300bn in the euro area," she said.

Half of developing world's workers trapped in vulnerable jobs,

More than half of the developing world's workers are trapped in vulnerable jobs, working for themselves or in unpaid family work, according to a report that calls for better quality employment to drive economic growth. The International Labour Organisation (ILO) also highlights an urgent need for 200m new jobs in emerging countries in its annual World of Work report. Without them, young people will be worst hit as youth unemployment rates soar even higher above the jobless rate for all adults, it warns. The United Nations agency uses its flagship report this year to underscore what it sees as a link between secure, fairly paid work and more stable economic growth in developing countries. Guy Ryder, ILO director general, said the research into more than 140 countries put paid to a long-held view that developing countries should simply concentrate on trade and investment liberalisation and infrastructure spending."Evidence presented in the report shows that such policies will not yield development unless accompanied by dedicated efforts to boost employment and decent work opportunities and tackle working poverty," he said."In countries where it was implemented, such a policy shift not only helped development but also played a counter-cyclical role that helped attenuate the impacts of the financial crisis."The report welcomes an "impressive" reduction in working poverty, down to a third of total employment in developing countries from more than half in the early 2000s. But that meant that 839 million workers in developing countries still earned less than $2 (£1) a day. Those countries that have tackled working poverty and vulnerable employment have reaped rewards in terms of rising living standards and stronger growth, the ILO says. Among those where working poverty declined most steeply from the early 2000s, overall per capita income grew by 3.5%, on average, over 2007-12. For those countries that made least progress, the figure is only 2.4%.Similarly, living standards improved faster in countries that ave made the greatest investment in quality jobs from the early 2000s.

China's slowing property market poses the most substantial macro risk to its economy

If real estate investment were to slow another 5 percent, it could shave 0.6 percentage points from China's already-flagging gross domestic product growth rate, according JP Morgan analysts. However, the risk of an actual house-price collapse remains limited as the authorities still have room for policy adjustment, they added."A housing market adjustment may pose the biggest macro risk in China in the coming quarters, mainly via a slowdown in real estate investment and a decline in land sale revenues," the analysts said. China's property market has turned a corner this year after government-imposed restrictions successfully cooled the previously frothy market. After a bumper 2013 home sales in the first four months of 2014 fell 9.9 percent in value terms versus a 26.6 percent rise in 2013, JP Morgan's data showed. Meanwhile, home inventory in China's ten largest cities increased from 10 months' sales at the beginning of the year to 17.7 months in April.