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WTO members elect new chair of farm trade talks

WTO agriculture negotiators elected New Zealand Ambassador Vangelis Vitalis as their new chairperson on 8 September 2015. Mr Vitalis was appointed as New Zealand's Ambassador to the WTO in July. Previously he served as his country's Head of Mission to the European Union and NATO and Ambassador to Sweden. Ambassador Vitalis is the ninth chairperson of the agriculture negotiations since talks began in March 2000 and the fifth since the talks were brought into the Doha Round in 2001.

India launches safeguard investigation on hot-rolled flat products of non-alloy and other alloy steel

On 15 September 2015, India notified the WTO's Committee on Safeguards that it initiated on 7 September 2015 a safeguard investigation on hot-rolled flat products of non-alloy and other alloy steel."All interested parties may make their views known within a period of 30 days from the date of the notice issued (i.e. 07 September 2015) by the Director General (Safeguards) to: 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 issuance of the notice by the Director General (Safeguards)."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.

UK productivity rises at fastest rate in four years

Productivity across the UK economy rose at its fastest rate in four years in the second quarter according to the Office for National Statistics (ONS).However the news coincided with two surveys showing UK manufacturing struggling to maintain growth. Productivity is a key indicator for the Bank of England as it considers whether to put up interest rates. Output per hour rose 0.9% between April and June, the biggest quarter-on-quarter rise in four years.

Output per hour expresses the amount produced by a company after all its costs have been stripped out. The more efficient, or productive, the company, Since 2009 output per hour has expanded at an average quarterly rate of between 0.2% and 0.3%.The ONS also said unit labour costs - the cost to companies of employing staff - rose 2.2% in the second quarter versus the same time last year - the fastest rate since the fourth quarter of 2012.

But surveys from the British Chambers of Commerce (BCC) and Markit said confidence among UK manufacturers is "low", export growth is falling, and jobs are being lost. The BCC survey showed growth is in decline in both manufacturing and services. But manufacturing confidence, sales, prices, and growth forecasts are dropping more sharply. The Markit survey added that manufacturers are starting to cut jobs. Its jobs index slipped below the 50 mark for the first time since April 2013 indicating a reduction in staff across manufacturing. Rob Dobson, senior economist at Markit said: "Job cuts send a signal that manufacturers are becoming more cautious about the future, which may lead to a further scaling-back of production at some firms in coming months."

Markit's overall purchasing managers' index for September is still above the critical 50 level. But at 51.5, it has fallen 0.1 from August and is close to the two-year low that it hit in June. Speaking about his organisation's economic survey for the third quarter, John Longworth, Director General at the BCC said: "The real area of concern is manufacturing."

"Confidence is low, as growth continued to fall, and our measure of manufacturing export growth hit a six year low."Services growth, on the other hand, dipped only slightly and overall trends show the sector remains relatively strong and stable."The BCC blames global uncertainty, weakened demand from China and the strength of the pound for the slow down. However, it added that the results signal moderate economic growth over the next year, with the UK recovery facing serious global challenges.

IMF warns of new financial crisis if interest rates rise

Rising global interest rates could prompt a new credit crunch in emerging markets, as businesses that have ridden the wave of cheap money to load up on debt are pushed into crisis, the International Monetary Fund has said.

The debts of non-financial firms in emerging market economies quadrupled, from $4tn (£2.6tn) in 2004 to well over $18tn in 2014, according to the IMF's twice-yearly Global Financial Stability Report.

This borrowing binge has taken business debt as a share of economic output from less than half, in 2004, to almost 75%.China's firms have led the spree, but businesses in other countries, including Turkey, Chile and Brazil, have also ramped up their debts — and could prove vulnerable as interest rates rise.

With the US Federal Reserve expected to raise interest rates in the coming months, the IMF warns that emerging market governments should ready themselves for an increase in corporate failures, as firms struggle to meet sharply higher borrowing costs. That could create distress among the local banks who have bought much of this new debt, causing them in turn to rein in lending, in a "vicious cycle" reminiscent of the credit crisis of 2008-09.

Shocks to the corporate sector could quickly spill over to the financial sector and generate a vicious cycle as banks curtail lending. Decreased loan supply would then lower aggregate demand and collateral values, further reducing access to finance and thereby economic activity, and in turn, increasing losses to the financial sector," the IMF warns.

Its economists find that the sharp increase in borrowing has been driven largely by international factors, including the historically low interest rates and quantitative easing unleashed by central banks in the US, Japan and Europe, as they have sought to rekindle growth in the wake of the sub-prime crisis.

"Monetary policy has been exceptionally accommodative across major advanced economies. Firms in emerging markets have faced greater incentives and opportunities to increase leverage as a result of the ensuing unusually favourable global financial conditions," the IMF says.

It also warns that borrowing appears to have risen fastest in sectors that would be most vulnerable to an economic downturn, including construction, and oil and gas; and that some of the heaviest borrowers have taken out debts in foreign currencies, which would leave them doubly exposed if rising rates coincide with a depreciation.

"Emerging markets must prepare for the adverse domestic stability implications of global financial tightening," the IMF says.

The IMF published the warning as the world's finance ministers and central bankers prepare to gather for its annual meeting in Lima, Peru, next month.

Its analysis underscores the backlash that the Federal Reserve could face if it starts to tighten policy and unleashes chaos in emerging economies.

"Since market liquidity is prone to suddenly drying up, policymakers should adopt pre-emptive strategies to cope with such shifts in market liquidity," it says. Some investors have been warning that changes in regulation, and in the structure of markets since the global credit crisis, have increased the danger that markets could seize up in future.

"In recent years, factors such as investors' higher risk appetite and low interest rates have been masking growing underlying fragilities in market liquidity," said Gaston Gelos, chief of the global financial stability analysis division at the IMF. He called for regulators to continue reforms to boost liquidity, such as enforcing equal access to electronic trading platforms; but he warned that "central banks and financial supervisors need to be prepared for episodes of liquidity breakdowns."

US GDP growth revised up to 3.9%

The US economy grew faster than previously thought in the second quarter of the year, according to new figures that have fanned expectations that the Federal Reserve will raise interest rates before the end of 2015.Government data suggested the world's biggest economy grew at an annual pace of 3.9% between April and June, exceeding economists' expectations for the GDP estimate to stay unchanged at 3.7%. It marked an even stronger bounce back from the sluggish 0.6% growth recorded in the opening months of 2015 when an especially harsh winter hit economic activity. The dollar strengthened against other currencies and US stock markets rallied after the upward revision to GDP, which the Commerce Department said was largely driven by consumer spending being stronger than previously thought.

Economists said the figures left the door open for the US central bank to raise interest rates from their current record low of close to zero at policy meetings in October or December."Yellen has confirmed a hike can still occur in 2015, so speculation over a December move is currently rife in the market – with short-term dollar bulls hoping for an October move," said Alex Lydall, senior trader at foreign exchange business Foenix Partners."With the exception of inflation, economic indicators are still solid for the domestic economy in the US, so the pertinent question remains: will the Fed risk looking irresponsible and delay rate hikes into 2016, or will they take the plunge this year, with perhaps a more cautious hike than the expected 0.25%? The jury is still out."

The Federal Reserve held off raising borrowing costs at its policy meeting last week as it cited volatility in the global economy. But Yellen indicated in a speech on Thursday this week that there was a still a good chance the first hike for almost a decade could come before the year is out. She said US economic prospects "generally appear solid" and it was best not to wait too long to tighten policy, which has been ultra-loose since the global financial crisis.

Asian Development Bank cuts growth forecasts for China and India

The Manila-based organisation says China will only grow by 6.8% this year, down from 7.2%, blaming weaker exports and investment. The Asian Development Bank has cut its growth forecast for the region's biggest economies, citing a softer outlook for China and India and a delayed recovery in the world's advanced nations.

The Manila-based organisation said in a report on Tuesday that it now predicts the region's economies will expand 5.8% this year and 6% next year, down from the 6.3% it forecast in March for both years.

The report, which covers 45 countries, cut forecasts for some of the region's biggest economies including China, India, South Korea and Indonesia.

ADB's chief economist Shang-jin Wei said: “Developing Asia is expected to continue to be the largest contributing region to global growth despite the moderation, but there are a number of headwinds in play.”

The Chinese economy, which grew a revised 7.3% last year, is now tipped to slow to 6.8% growth in 2015 and 6.7% in 2016. The bank previously forecast 7.2% and 7%.

“Despite robust consumption demand, economic activity fell short of expectations in the first eight months of the year as investments and exports underperformed” in China, the report said. ADB said it expected the pressure to ease once the recovery in the world's advanced economies picks up, strengthening global demand.

Much of China's slowdown is self-imposed as part of the ruling Communist party's effort to replace a worn-out model based on trade and investment with more self-sustaining growth driven by domestic consumption.

India is forecast to grow 7.4% in 2015 and 7.8% in 2016. The bank trimmed both forecasts by 0.4 percentage points, citing slower progress on major reforms, which has hindered investment, and sagging exports.

Despite the concerns about growth, the region's stock markets rose on Tuesday. The Nikkei was closed for the Japanese autumn holiday, but the Shanghai Composite was up more than 1%, the Hang Seng was up 0.7% and the S&P/ASX200 in Australia was also up 0.6%.

World prices for agricultural goods will “remain flat or decline in the next ten years”

The current growth in agricultural production, especially in Africa, could mean that in the next ten years world prices for food will remain flat or even decline, according to a session devoted to agriculture at the Public Forum on 1 October. Food security, agricultural subsidies and the participation of farmers in global value chains were also discussed.

Two sessions organized by the Kenya Human Rights Commission, the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF), the Centre for Equity Studies of India, and COAST of Bangladesh covered questions on how trade rules can be reformed to address the growing concern of small-scale producers about the “right to food”. It was noted that agricultural production has been growing, especially in Africa, and because of that, world prices for agricultural goods will either remain flat or decline in the next ten years.

Agriculture is a mainstay of the African economy and the sector faces many challenges. Participants explained the importance of public stockholding and the National Food Security Act in India, emphasizing that the objective of the programme is to support domestic consumers, not exports. They called for the WTO to consider such support as “non-trade distorting”, as put forward in the proposal by the G33 group of developing countries. Participants also expressed hopes that agricultural subsidies and the safeguard mechanism will be included in the forthcoming Nairobi Ministerial Conference.

Another session on agriculture, organized by the World Farmers' Organization, the United Nations Economic Commission for Europe and the UN Food and Agriculture Organization (FAO), discussed how trade policies can bridge the gap between farm and market. Farmers' representatives stressed that farmers' voices need to be heard when agricultural standards are set. “We should seek solutions to drive farms as businesses,” they said. “We need to discuss how to improve efficiency for farmers and how we can reach out to farmers so that they have the capacity to implement multiple standards”. The OECD-FAO Agricultural Outlook 2015-24 highlights the decline in long-term real prices, the increase in trade volumes of most products, and changes in consumer demands. To face these challenges, the emphasis needs to be on the farmer to bridge the gap between food security and farmer security, trade policy and agricultural policy, participants at the session noted.

A session valueA workshop on “Navigating the relationship between food security policy measures and trade rules: an interactive policy tool” invited Public Forum participants to explore and give feedback on a food security policy tool developed by the Quaker United Nations Office (QUNO). The tool is an interactive, mobile app and web-based programme that analyses over 60 food security policy measures. The purpose of the tool is to make it easier for small-scale farmers, trade policy makers and negotiators to have access to information on how policy measures have an impact on food security.