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Chart of the Week:

Price of Natural Gas (Nymex)



The price of natural gas in the U.S. has fallen from around \$11 a unit in 2008 to around \$3 a unit. This represents a price cut of around 70% in the cost of natural gas. This price cut has greatly benefitted consumers but may be hurting producers. As the price of gas falls revenue collected from the sale of natural gas also falls. This is causing natural gas producers to look for new markets to enter.

There appears to be support in the U.S. for lessening the restrictions placed on exporting liquefied natural gas (LNG). Three senators from energy intensive states sponsored a bill which would allow U.S. companies to export LNG to NATO members and Japan. Markets in Europe and Asia have natural gas prices that offer on average higher than U.S. prices which makes these location attractive to natural gas producers.. The decision regarding the potential exporting of LNG will determine the future of U.S. energy and trade policy.

The U.S. may stifle the amount of traded LNG which could violate WTO rules, leave the U.S. vulnerable to retaliatory actions, and reduce investment into energy jobs. On the other hand, by allowing the exporting of LNG to countries with higher LNG prices may reduce the total supply of natural gas available for U.S. consumption, therefore raising domestic prices while lowering foreign prices. Whichever scenario happens presents both challenges and opportunities to both companies and investors.

([Billings](#)) ([Oil Price](#)) ([Bloomberg](#))

“There appears to be support in the U.S. for lessening the restrictions placed on exporting LNG”



Increasing trade may be exactly what the economy needs.



More of these are expected to pop up around the world.

North America:

A New International Trade Agreement

United States Trade Representative Ron Kirk recently announced plans to negotiate a new international trade agreement on service exports. Forty-seven countries will be participating in negotiations, which are slated to begin within the next 90 days. These countries represent almost two-thirds of global trade in services. The new agreement will address lags in U.S. exports for trade services, which Ambassador Kirk contributes to regulatory barriers. For example, France restricts the number of U.S. movies that can be shown in the country each year. Other examples include requiring foreign companies to form joint ventures in order to operate within the state or establishing a local presence in order to be eligible to receive local licenses necessary to conduct business. Although the U.S. is the world leader in services exports, manufacturing exports in the U.S. are five times more likely to occur than service exports, according to a study by Peterson Institute for International Economics. Ambassador Kirk estimates that if business services exports increased to the same level as manufacturing exports, U.S. exports would increase by about \$800 billion, which would create about 3 million jobs. ([USTR](#)) ([USA Today](#))

“Forty-seven countries will be participating in negotiations, which are slated to begin within the next 90 days.”

Eastern Europe & Central Asia:

A New Nuclear State?

The world is about to welcome another new nuclear power, Kazakhstan. This recent proliferation is not accompanied with UN Security Council sanctions or the threat of war. Kazakhstan to this day has not taken any action which would signal malicious intent with regards to nuclear power. Just recently, Kazakhstan’s National Nuclear Centre of Kazakhstan signed a Memorandum of Understanding (MOU) with Japan Atomic Power Company (Japco) and Marubeni Utility Services. Areas covered by the agreement include managing the project, feasibility studies, and the eventual operation of the plant. The plant is scheduled to be built in Kazakhstan's eastern region encompassing the Balkash Lake. Kazakhstan currently does not possess any nuclear power plants, but did run a plant from 1972 to 1999. This new agreement represents a growing opportunity in international trade. Countries around the world are looking for safe, cheap, and green sources of energy. But, countries like Poland are rethinking their plans to develop nuclear power because of the high upfront cost. International trade in nuclear technology may be able to decrease the cost of building a plant and lead more states to consider the usage of nuclear energy. ([World Nuclear News](#))

“Kazakhstan to this day has not taken any action which would signal malicious intent with regards to nuclear power”



Technology remains an important sector for Africa's economic development.



The world mourns the loss of the secular opposition leader of Tunisia.

Africa:

Tech Entrepreneurship in Africa

Startup, a term most times used to describe an enterprise in its young and futile stage. Usually the name is tagged with a business in Silicon Valley, or a post-modern office in a college town in Florida. However, as the global market expands in 2013, entrepreneurs are turning up in a new environment; Africa. With an intense lack of the infrastructure and commerce, an even larger deficiency for the basic technological aides of the western world proves to be a new focal point. This aforementioned abridgement is attracting many tech startups and others alike. Companies look to use technology to help Africa create jobs and wealth for its citizens. The market for everyday western entities such as online books, and simplified payment options is left wide open. Travel sites are also diving in, looking to help Africans and tourists more easily explore the continent via the internet and mobile technology. With an expansive population and fast growing educational sphere, these 3rd world adapted products could prove to the root to a successful business in 2013, as well as a forever-changing African Continent.

([Businessinsider](#))

"Companies look to use technology to help Africa create jobs and wealth for its citizens"

Middle East and North Africa:

Instability in Tunisia

Tunisia has been fairly or unfairly given the title of poster child of the Arab Spring. For the most part, Tunisia has avoided the violence associated with the revolutions in Egypt, Syria, and Libya. Post-Revolutionary violence seems to be finally affecting the North African state. The head of the secular opposition, Chokri Belaid, was gunned down in broad daylight earlier in February. This led to sweeping protest in Tunisia. Many supporters of the secular political leader blame the ruling party, Ennahda, for the death of Belaid. This spells trouble for Tunisia as political murders bring uncertainties great enough to convince foreign investors to find other destinations for investments. In order for Tunisia to create the jobs and wealth necessary for its people, political violence must decrease. Unfortunately the battle between secularist and Islamist in Tunisia is not over and more bloodshed may be seen. Tunisia still has a chance to convince the markets that it is a stable destination for capital. By producing a constitution agreeable to all sides, Tunisia will take the first steps to convince capital markets of Tunisia's stability. ([Guardian](#)) ([Guardian](#))

"In order for Tunisia to create the jobs and wealth necessary for its people, political violence must decrease"



Chinese companies begins to penetrate the U.S. market for smart phones.

North East Asia:

China and the Smartphone Market

The Smartphone industry within developed countries contains many easily recognizable companies like Samsung, LG, and Motorola. A new competitor, Huawei, seems poised to challenge the market share of incumbents. This Chinese Smartphone manufacturer increased its operations and secured the position of the 3rd largest global Smartphone provider. They rocketed up to this position by Q4 of the 2012 sales year with an incredible year-over-year increase of 89.5% in global Smartphone units shipped. Huawei captured 5% of the total global Smartphone sales for Q4 of 2012. Although this total is eclipsed by Samsung and Apple's Q4 global market share around 28% and 22% for Samsung and Apple respectively. Huawei still leads other familiar manufacturers such as HTC, LG, and Motorola in market share. Interestingly enough, after the Japanese company Sony, the fifth largest Smartphone maker is another Chinese company, ZTE. As more companies enter this already saturated market, competition for consumers will become even more heated. If this is a continuing trend for Huawei's sales growth then you soon may see the name "Huawei" at your local Smartphone dealers. ([Mobilemag](#))

"A new competitor, Huawei, seems poised to challenge the market share of incumbents"

South & South East Asia:

Indonesia's Labor Market

At last week's State of the Union Address, President Obama unveiled his proposal for an increase in the minimum wage. As the U.S. grapples with this paramount policy issue, Indonesia sheds some light on the minimum wage issue. Indonesia has seen massive increases in its minimum wage. This produces an insider outsider effect. The workers who keep their jobs (insiders) gain higher wages at the expense of those who are not unemployed (outsiders). Indonesia's 2003 Manpower Act also dictates firms must pay 32 months of wages as severance, one of the highest in the world. As the minimum wage rises, severance packages also increase. Layoffs become increasingly costly while hiring new workers become more expensive. The World Bank has concluded that a 10 percent increase in the minimum wage decreases employment by 1 percent. Indonesian businesses will hire temporary workers in order to avoid labor regulations but a new law will heavily curtail the use of temporary workers. Indonesia's labor policies produce an inefficient labor market. Unless reforms are enacted, this should present a drag on future Indonesian growth and economic opportunities. ([Carnegie Endowment](#))

"World Bank has concluded that a 10 percent increase in the minimum wage decreases employment by 1 percent"



This graph explains how a higher minimum wage can lead to increased unemployment.

Latin America:

EU-Celac Summit

On January 26th and 27th 2013, the first EU-CELAC Summit brought together Heads of State and Government from Latin America, the Caribbean and the European Union in Santiago, Chile. The main goal of this meeting was to build a more symmetrical, balanced and equitable relationship with Europe, despite the current economic crisis. The Executive Secretary of the Economic Commission for Latin America and the Caribbean (ECLAC), Alicia Bárcena, highlighted that the European Union was Latin America and the Caribbean's largest investor, main cooperater and second trading partner. Over the past years, the EU invested an average 30 billion dollars per year in countries from Latin America and the Caribbean. But this cooperation has been slowing down lately because of a few reasons: the economic crisis in Europe, the entry of new member states in the European Union, and China's increasingly dominant position in the world. However, despite the unfavorable economic conditions affecting most of the world, many believe that this summit will allow both regions to deepen commercial and investment relations and build a strategic alliance to promote sustainable development.

"The main goal of this meeting was to build a more symmetrical, balanced and equitable relationship with Europe"



The immigration issue greatly affects human capital formation in the U.S.

Translation:

Foro Económico América Latina y el Caribe-Unión Europea

Se llevó a cabo los días 21 y 22 de enero en Santiago, Chile, el Foro Económico América Latina y el Caribe-Unión Europea 2013. El objetivo principal era debatir sobre las oportunidades y los desafíos que presenta la relación birregional en el actual escenario de turbulencias internacionales.

La Unión Europea es el primer inversionista directo en América Latina y el Caribe pero en los últimos años se ha producido un estancamiento, planteó la Secretaria Ejecutiva de la CEPAL, Alicia Bárcena. La situación se debe a varios factores: la crisis económica en Europa, el reposicionamiento de China, la incorporación de nuevos Estados miembros a la Unión Europea y la creciente relevancia del Medio Oriente y el norte de África en la agenda exterior europea.

Sin embargo, pese a la crisis económica mundial que ha afectado en su mayoría a Europa y Estados Unidos, la recuperación de Argentina y Brasil y el dinamismo de la demanda interna permitirán que la economía de Latinoamérica y el



The immigration issue greatly affects human capital formation in the U.S.

Western and Central Europe:

Which way is the Euro Going?

The Eurozone has been facing hard times. Despite numerous bailouts, Greece does not seem to be able to overcome its debt crisis and other major economies are starting to struggle as well. There is much speculation concerning the Eurozone's future. Two scenarios are more likely to take place. In the first one, members keep on taking austerity measures until it slowly gets the continent past the immediate crises and gives it the time to deal with the longer-run issues. However, these policies are likely to force most of Europe into recession. Then there is the collapse of the European monetary union. If the financial crisis worsened and if the Eurozone decided to allow the expulsion of member states, it would face three possibilities. First, the weakest countries would get pushed out. Another scenario would be Germany leaving the monetary union. Finally, the third one would be the splitting of the Eurozone into two separate currency areas. The outcome of the crisis will depend on the political actors' decisions. Nevertheless, member nations have to keep on persevering while further opening up to international trade.

Translation:

Quel Avenir Pour L'Euro

La monnaie de l'Union européenne connaît depuis quelques années des moments difficiles. Malgré de nombreux plans de sauvetage, la Grèce n'est pas en mesure de sortir de la crise, entraînant d'autres économies dans sa chute. Parmi les scénarios envisageables, deux sont à retenir. Le premier verrait les États membres poursuivre leur gestion de la crise. Cette situation irait de pair avec des mesures d'austérité renforcées, sans pour autant garantir un dénouement favorable. Le second scénario consisterait en l'effondrement de l'union monétaire. Aucune sortie ou éviction d'un pays de la zone n'est officiellement envisageable. Toutefois, en cas de violation de ce fondement juridique, la zone euro ferait face à trois éventualités. Premièrement, la Grèce quitterait, librement ou non, l'union monétaire. Un autre cas de figure serait la sortie de l'Allemagne, force motrice de la zone euro. Enfin, une division de la zone en un « euro nord » et un « euro sud » pourrait être envisageable. L'issue de la crise dépendra des décisions des acteurs politiques. Quoi qu'il en soit, les États membres persévérer et s'ouvrir davantage au commerce international.

"Many young adults who came to this country as children struggle to attend college"



WTCO News Update

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The concept of the World Trade Center was formed in 1968 following World War II, as the premiere international organization for the facilitation of international business. Today, World Trade Center Orlando is networked with over 289 World Trade Centers located in 85 countries.

Since World Trade Center services are reciprocal, World Trade Center Orlando members can access the services of these global World Trade Centers; the world's major trading Centers for trade information and assistance, business leads, and a wide variety of international opportunities.

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