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In This Issue

- **WTO Set to End Inconclusive Talks on Doha**
- **IPSASB Issues Standard on Agriculture as Part of its Global Convergence Program**
- **Accountants Should Own Climate Initiatives, Claims Report**
- **Changing Accounting Standards (Singapore)**
- **IFAC's Accounting Education Standards Board Releases New Framework and Drafting Conventions to Enhance Clarity of its Standards**
- **IAASB Issues New Assurance Standard on Controls at Service Organizations**
- **IPSASB Achieves Goal of Substantial Convergence with IFRSs**

WTO Set to End Inconclusive Talks on Doha

Trade ministers were set to wrap up three days of WTO talks Wednesday with no compromise in sight for ending an eight-year stalemate on framing a trade liberalisation accord ahead of a 2010 deadline.

Parties appeared unwilling to budge on the level of cuts to agriculture subsidies and industrial product tariffs which caused the impasse between developed and emerging nations in the Doha round of global trade talks.

There was hardly any forward movement particularly by the United States and India, blamed for the failure of the last ministerial-level talks in July 2008 over a disagreement over subsidy protection for poor Indian farmers.

Expectations were high that the change in top trade negotiators from India and the United States following elections in the two countries would help set the ball rolling for a successful outcome of the Doha Round.

"Doha does not seem to be fully on the agenda of the United States," French External Commerce Minister Anne-Marie Idrac told AFP, adding that she had the same impression of India.

Since the collapse of negotiations in July 2008, the "crisis is far from being eased," Idrac lamented.

US Trade Representative Ron Kirk and Indian Commerce Minister Anand Sharma met at least twice at the sidelines of the Geneva meeting, with the US envoy calling on trade-driven developing nations to open up their markets.

"The United States has been clear that we will need to achieve meaningful market opening that will result in significant new trade flows, particularly in the world's fastest-growing economies," Kirk said.

But Sharma said key sticking points such as cotton -- which is being held up by disagreements over US subsidies -- needed to be dealt with "sympathetically."

China and India are among the top growth drivers among emerging nations but Beijing has not been as eager as India in bridging the gap in negotiations with the United States, one Western diplomat familiar with the Doha talks said.

"The UK is disappointed that WTO members have not yet been able to take the final steps to agree an outline (Doha) deal," said Gareth Thomas, British Trade Minister.

"If we don't make progress soon, we will miss our 2010 target and that would be a great loss for the global economy and the world's poorest," he said, in a reminder of the target date set by the leaders of the Group of 20 emerging and developed economies.

Ministers are expected to meet again early next year to give a final push to negotiations as trade is being seen as critical to helping the global economy recover from the worst recession in decades.

A successful Doha outcome would boost the global economy by around US\$170 billion annually, some estimates show.

World Trade Organization (WTO) chief Pascal Lamy has warned ministers that time was not on their side even though about 80 per cent of the deal had been clinched.

Since the start of Doha talks in the Qatari capital in 2001, deadlines have been missed several times.

"As the Doha Round stalls, free trade agreements are being concluded with countries that have strong growth potential and large domestic markets," said Japanese trade minister Masayuki Naoshima.

But he hastened to add that less developed countries tend to be left behind by the trade agreements outside of the Doha deal.

"The days of only nice statements should be over," said EU Agriculture Commissioner Mariann Fischer Boel, calling nations to be straightforward as they attempt to narrow their differences.

http://www.channelnewsasia.com/stories/afp_asiapacific_business/view/1021970/1.html

IPSASB Issues Standard on Agriculture as Part of its Global Convergence Program

The International Public Sector Accounting Standards Board (IPSASB) has taken a further step in its global convergence program with International Financial Reporting Standards (IFRSs), scheduled for completion by December 31, 2009, by issuing International Public Sector Accounting Standard (IPSAS) 27, Agriculture. IPSAS 27 provides requirements for accounting for agricultural activity.

IPSAS 27 is primarily drawn from the International Accounting Standards Board's International Accounting Standard 41, *Agriculture*, with limited changes dealing with public sector-specific issues. For example, IPSAS 27 addresses biological assets--such as livestock--held for transfer or distribution at no charge or for a nominal charge to other public sector bodies or to not-for-profit organizations. IPSAS 27 also includes disclosure requirements that are aimed at enhancing consistency with the statistical basis of accounting that governs the Government Finance Statistics Manual.

"Agricultural activity can be significant for the public sector in certain parts of the world, including many developing countries," states Mike Hathorn, Chair of the IPSASB. "This IPSAS provides financial reporting requirements that enhance accountability for such activity and are a further step towards our convergence target."

IPSAS 27 is available to download free of charge from the IFAC website (www.ifac.org/Store). The IPSASB encourages IFAC members, associates, regional accountancy bodies, and firms to use these materials and to promote their availability to members and employees.

<http://www.ifac.org/MediaCenter/?q=node/view/685>

Accountants Should Own Climate Initiatives, Claims Report

CIMA has called on accountants from around the world to take ownership of climate change initiatives as they will ultimately be held accountable for achieving reduction targets.

The institute warned that without commitment from finance professional to mitigate climate change, organisation risk damaging their competitive edge through running up higher costs.

The CIMA report 'Accounting for Climate Change' stresses accountants are "critical" to ensuring sustainability strategies are properly embedded in businesses.

Charles Tilly, chief executive at CIMA, said: "Organisations around the world must ensure their finance professionals are at the heart of climate change initiatives if they are to be successful."

The results showed one in five respondents felt environmental issues are not on their organisations agenda with just over half saying their organisation do not see environmental issues as a strategic priority.

The report surveyed 900 accountants and corporate social responsibility professionals from around the world.

CIMA's research found significant cost savings were made in companies which teamed up its finance and CSR departments.

At the Copenhagen Climate Change Summit taking place this week various institutes and professional bodies are calling for a universal standard on accounting for carbon.

The institute signed a letter by Accounting for Sustainability, a Prince of Wales initiative, calling for a single set of universally accepted standards for measuring, reporting on and monitoring greenhouse gases around the world.

<http://www.accountancyage.com/accountancyage/news/2254587/accountants-responsible-climate>

Changing Accounting Standards (Singapore)

The chairman of Singapore's Accounting Standards Council has said that the upcoming standards centering on charities will simplify their financial reporting process and be more relevant.

Ms Euleen Goh said the proposed standards will be put up for public consultation soon and could take effect next year.

The standards aim to be more relevant in terms of giving more information about donations, for example, than the current accounting standards, which are also used for companies.

'Meaningful high-quality standards for our charities is important so that donors will be reassured of the financials that they are reading,' she said in an interview with The Straits Times.

Ms Goh, who has just started a second two-year term as council chairman, said the next few years could see many changes in accounting standards.

Making these views known to the International Accounting Standards Board (IASB) reflects Singapore's growing voice in accounting matters.

IFAC's Accounting Education Standards Board Releases New Framework and Drafting Conventions to Enhance Clarity of its Standards

The International Accounting Education Standards Board (IAESB), an independent standard-setting board within the International Federation of Accountants (IFAC), has released its Framework for International Education Standards for Professional Accountants (the Framework), which enhances the relevancy, consistency, and applicability of its publications to IFAC members. The Framework sets out the educational concepts that underlie the IAESB's International Education Standards (IESs), describes the nature of IAESB publications, and affirms IFAC member bodies' obligations relating to accounting education. The Framework also includes an appendix, "IAESB Drafting Conventions" (the Drafting Conventions), which will be used to increase the clarity of its standards.

The Framework is addressed primarily to IFAC member bodies because of their interest in the education, development, and assessment of their members and students. It is also relevant to a wide range of stakeholders, including accounting faculties at universities, employers of professional accountants, professional accountants, prospective professional accountants, and others interested in the work of the IAESB.

"Our Framework improves upon the understanding and application of the principles and concepts that underlie the education and development of a professional accountant," states IAESB Chair Mark Allison. "The Framework and the Drafting Conventions enable the IAESB to deploy a more efficient and effective standard-setting process and to better demonstrate accountability for its decisions."

The Framework document has been released following the consideration and approval by the Public Interest Oversight Board of due process and extensive public interest consultation. The document is available to download free of charge from the Publications and Resources section of the IFAC website (<http://web.ifac.org/publications>).

<http://www.ifac.org/MediaCenter/?q=node/view/686>

IAASB Issues New Assurance Standard on Controls at Service Organizations

Recognizing the widespread international use of outsourcing, the International Auditing and Assurance Standards Board (IAASB) has released today International Standard on Assurance Engagements (ISAE) 3402, *Assurance Reports on Controls at a Service Organization*. This new standard addresses reports on the description, design, and operating effectiveness of controls relating to the broad range of services that today's service organizations provide. Such services can range from assisting with processing transactions to performing one or more business functions.

"A single service provided by a service organization can have direct relevance to the quality of financial reports prepared by entities around the globe. Effective controls for

delivering the service are therefore essential," says Arnold Schilder, IAASB Chair, adding, "This new standard sets a global benchmark for reporting on controls at a service organization, thereby helping to fulfill the needs of those who use such services and their auditors under International Standards on Auditing (ISAs)."

"ISAE 3402 is the first new assurance standard, other than the ISAs, developed under the IAASB's *International Framework for Assurance Engagements*," explains James Gunn, IAASB Technical Director. "Therefore, the IAASB will be interested in the experiences of service auditors and others with its implementation and has decided to actively seek feedback in 2013 on implementation of the standard," Mr. Gunn adds.

ISAE 3402 is effective for service auditors' reports covering periods ending on or after June 15, 2011. An overview of this new standard is available in the IAASB section of the new Publications and Resources site.

<http://www.ifac.org/MediaCenter/?q=node/view/687>

IPSASB Achieves Goal of Substantial Convergence with IFRSs

At its December 8-11 meeting in Rome, the International Public Sector Accounting Standards Board (IPSASB) of the International Federation of Accountants (IFAC) achieved its strategic goal of substantial convergence with the International Financial Reporting Standards (IFRSs) dated December 31, 2008, with a series of new or improved standards.

Three of these new International Public Sector Accounting Standards (IPSASs) deal with financial instruments—in terms of presentation, recognition and measurement, and disclosures. A fourth standard covers intangible assets and an improvements standard makes minor changes to existing IPSASs. They are primarily drawn from IFRSs, with limited changes dealing with public sector-specific issues. In addition, the board approved an exposure draft covering service concessions.

"In the current global economic environment, when governments are increasingly raising debt through the capital markets as a result of their financial interventions in the private sector, the need for certainty in the application of well-developed financial instruments standards has particular urgency," states Mike Hathorn, Chair of the IPSASB. "Achieving convergence is also crucial to enhancing transparency at this time of large scale government interventions," he adds.

The December 2009 meeting was the last under Mr. Hathorn's chairmanship; his three-year term ends on December 31, 2009—a period that has seen a significant increase in momentum in global interest in and adoption of IPSASB standards. "During the last 12 months in particular, the achievement of the board and its staff in progressing convergence with IFRSs standards has been outstanding—and I am confident that it will meet the increasing needs of the global public sector in the future," he concludes.

The new standards and exposure draft will be available to download free of charge from the IFAC website (web.ifac.org/publications) in January 2010.

<http://www.ifac.org/MediaCenter/?q=node/view/688>

EU to Launch FTA Negotiations with Individual ASEAN Countries, Beginning with Singapore

EU Member States today gave the green light for the Commission to pursue negotiations towards free trade agreements (FTAs) with individual countries of the Association of Southeast Asian Nations (ASEAN). As a first step, the Commission intends to begin negotiations with Singapore early in 2010. With around € 55 billion of bilateral trade, Singapore is the EU's most important trading partner among the ASEAN countries. However, the door remains open for other ASEAN countries willing to negotiate a comprehensive FTA with the EU.

EU Trade Commissioner Benita Ferrero-Waldner made the following statement: "Creating new business opportunities for European companies in the dynamic ASEAN countries will strengthen the competitiveness of manufacturers, farmers and service providers in the EU. While we don't lose sight of our ultimate goal of achieving an agreement within a regional framework, I welcome today's decision which will allow us to move forward and re-engage with this important region through negotiations with individual ASEAN member states."

After the US and China, the group of ASEAN countries is the EU's 3rd largest trade partner outside Europe. Trade in goods and services between the EU and ASEAN has grown by more than a quarter between 2004 and 2008, reaching € 175 billion in 2008.

The envisaged FTAs are expected to lower or abolish the currently existing tariff and non-tariff (i.e. regulatory and technical) barriers to trade and investment in many ASEAN markets, so as to further strengthen the EU's commercial ties with the dynamic ASEAN region. Creating new export opportunities in the ASEAN markets is a priority under the EU's Global Europe trade strategy.

Background

The Commission had launched negotiations on a region-to-region FTA with ASEAN countries in 2007. However, progress in these negotiations was slow and both sides agreed in March 2009 to make a pause.

As the EU remains committed to strengthening its competitiveness through increased market access in ASEAN countries, EU Member States have now asked the Commission to pursue, on a case-by-case basis, negotiations with those individual ASEAN countries showing interest in negotiating comprehensive FTAs bilaterally.

The ultimate objective, however, remains to reach an agreement with the ASEAN region. The bilateral agreements could become valuable building blocks towards that objective.

http://www.bilaterals.org/article.php3?id_article=16544

Accountants Optimistic about Economic Outlook: Survey (Singapore)

Accountants all over the world are enjoying a surge of optimism over the global economic outlook as the year draws to a close.

46 per cent of over 1,700 accountants who responded to a recent survey said they believed economic conditions are about to improve or are already doing so. This is up from 34 per cent who believed so in August.

However, the survey by the Association of Chartered Certified Accountants (ACCA) also found that the number of sceptics has grown. 11 per cent of the respondents now expect the downturn to last another three years or more.

ACCA said this is due to a number of global risk factors that do not appear to be receding. For example, investment, especially in human resources, is still falling.

Close to 40 per cent of the respondents said the economy they worked in was scaling down investment in staff, and over 30 per cent reported falling investment in capital projects.

40 per cent added that investment opportunities have dwindled in the past three months, and a third said that government support for investment has decreased.

The survey also found that accountants in Asia Pacific were more optimistic about the economic outlook than their global counterparts.

Almost half of the Asia Pacific respondents said they had revised their forecasts upwards in the last quarter of 2009, against 32 per cent globally.

In Singapore, the accountants said the government has done a good job in handling the recession, with 66 per cent saying that government interventions have been either "good" or "very good".

<http://www.channelnewsasia.com/stories/economicnews/view/1027353/1.html>

ASEAN-China to Open Free Trade Area to Rival World's Biggest

China and Southeast Asia will establish the world's biggest free trade area (FTA) on Friday, liberalising billions of dollars in goods and investments covering a market of 1.7 billion consumers.

Eight years in the making, the ASEAN-China FTA will rival the European Union and the North American Free Trade Area in terms of value and surpass those markets in terms of population.

Officials hope it will expand Asia's trade reach while boosting intra-regional trade that has already been expanding at 20 per cent a year.

"In 2010 we are sending a strong signal that ASEAN is open," H.E Sundram Pushpanathan, of the Association of Southeast Asian Nations (ASEAN), told AFP.

China has just overtaken the United States to become ASEAN's third largest trading partner, and will leap Japan and the EU to become "number one" within the first few years of the FTA, said Pushpanathan, Deputy Secretary-General for the ASEAN Economic Community.

Under the agreement, China and the six founding ASEAN countries - Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand - are to eliminate barriers to investment and tariffs on 90 per cent of products.

Later ASEAN members, including Vietnam and Cambodia, have until 2015 to follow suit.

Zhang Kening, the director-general of the department of international trade and economic affairs in Beijing, said the average tariff rate China charged on ASEAN goods would be cut to 0.1 per cent from 9.8 per cent.

Average tariffs imposed on Chinese goods by ASEAN states will fall to 0.6 per cent from 12.8 per cent.

ASEAN-China trade has exploded in the past decade, from US\$39.5 billion in 2000 to US\$192.5 billion last year, Pushpanathan said.

At the same time, ASEAN-China trade with the rest of the world has reached US\$4.3 trillion, or about 13.3 per cent of global trade.

Teng Theng Dar, chief executive of the Singapore Business Federation, said sectors likely to reap the most benefits from the FTA included services, construction and infrastructure, and manufacturing.

"Other than product and service innovations, this is one great new business opportunity for the establishment of a regionally-based innovative supply chain for market reach and growth," he said.

Officials said there was more to the deal than sating China's thirst for Asian raw materials like palm oil, timber and rubber, and opening up regional markets for its manufactured products, steel and textiles.

"China and ASEAN countries are all export-oriented economies. A large proportion of our products target the US and EU markets... Generally neither side took the other's market as its most important target market," Zhang said.

"But with the establishment of the China-ASEAN free trade zone, we think there is potential to improve or adjust this situation... Both sides have many goods that complement each other's needs."

Not everyone is happily singing the free-trade anthem, however.

At the 11th hour, industry groups in Indonesia, Southeast Asia's biggest economy, and the Philippines are frantically pressing their governments to keep tariffs on vulnerable sectors until 2012.

"These sectors aren't ready to compete with imported Chinese products. If the government implements free trade now, these industries are surely going to die," Indonesian lawmaker Airlangga Hartarto said.

He cited 12 sectors including textiles, petrochemicals, footwear, electronics, steel, auto parts, food and drinks, engineering services and furniture.

"For example, a local sack for sugar, rice and fertilizer costs about 1,600 rupiah (US\$1.70) each. A Chinese sack costs about 800 rupiah each," he said.

Indonesian Footwear Association chairman Eddy Widjanarko said Chinese firms would take their share of the Indonesian market to 60 per cent from 40 per cent, costing some 40,000 local jobs.

Indonesian Furniture Producers Association executive director Tanangga Karim blamed the government for failing to level the playing field, and called for non-tariff protection in the form of strict safety and quality controls.

"We have to admit that we aren't ready to compete now with imported Chinese products," he said.

Pushpanathan conceded that some local businesses would struggle.

"In the short term there will be some adjustments that some countries have to make. Some local companies will lose their domestic market share but ultimately consumers will benefit," he said.

http://www.channelnewsasia.com/stories/afp_asiapacific_business/view/1027666/1.html

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