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## AFTINET Bulletin 107, 2 December 2004

If you would like to contribute to the Bulletin, please contact Jemma Bailey via email at [jbailey@piac.asn.au](mailto:jbailey@piac.asn.au) or on (02) 9299 7833. Our website is <http://www.aftinet.org.au>.

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### **1. AFTINET welcomes Jemma Bailey, farewells Louise Southalan**

Jemma Bailey has begun work as the new policy officer and campaigner, to replace Louise Southalan who is moving overseas. Louise will finish at AFTINET on 2 December. Jemma's email is [jbailey@piac.asn.au](mailto:jbailey@piac.asn.au) and she will be working 4 days per week, employed by the Public Interest Advocacy Centre.

Welcome to Jemma and thanks and best wishes to Louise for her travels.

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### **2. Government introduces copyright amendments to AUSFTA implementing legislation**

As predicted in our last bulletin, the government has moved to tighten copyright provisions in Australia to implement the intellectual property obligations agreed to under the AUSFTA. On Tuesday 30 November, the *Copyright Legislation Amendment Bill 2004* was introduced in the Senate.

This Bill seeks to amend the *Copyright Act* and the AUSFTA implementing legislation to further align Australia's copyright laws with US laws. The government describes these amendments as "technical", however the effects of these amendments would include:

- broadening the scope of offences to which criminal provisions apply to commercial piracy that does not occur in a trade context and strengthening the criminal regime for 'business end user piracy';
- increasing the obligation on copyright users to go behind the person or corporation named on the item to find out if there are additional copyright owners;
- narrowing the scope of the 'incidental copies' exception to *temporary* copies made as a *necessary* part of using a copy of a work; and
- limiting the transition period in which copyright users can claim compensation due to the increase in copyright duration from 50 to 70 years.

Internet Service Providers ('ISPs') are particularly concerned about being held liable for user infringements of copyright material where they do not expeditiously remove or disable access to the infringing material. Copyright owners will be able to force the removal of infringing content by serving 'take down' notices on ISPs. A practice has developed in the US where copyright owners inundate ISPs with thousands of take down notices, some of which are spurious. These notices are automatically generated by software, which searches the Internet for potential infringements.

It is expected that this Bill will be debated in the Senate next week. To read the text of the Bill and to monitor its passage, you can follow the link:

[http://parlinfoweb.aph.gov.au/piweb/view\\_document.aspx?ID=1825&TABLE=BILLS](http://parlinfoweb.aph.gov.au/piweb/view_document.aspx?ID=1825&TABLE=BILLS)

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### **3. ASEAN-ANZ Free Trade negotiations to start in April 2005**

The Australian and New Zealand governments yesterday agreed to start negotiations for a Free Trade Agreement with the 10 member countries of the Association of South East Asian Nations (ASEAN). The negotiations are expected to take 2 years and will involve separate negotiations with the 10 member countries. These include Burma, notorious for its widespread use of forced labour and human rights abuses.

However, Prime Minister Howard has refused to sign a regional non-aggression treaty with ASEAN, despite the fact that New Zealand, China, Japan and South Korea have all signed. This may place strains on the trade negotiations with some countries.

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#### **4. Poor Country Gains from Trade Greatly Overstated Economic Growth a Bigger Factor in Poverty Reduction**

Center for Economic and Policy Research  
18 November, 2004

The Bush administration announced plans this week to move forward with bilateral and regional trade agreements in President Bush's second term. But the World Bank has cast doubt on the benefits to developing countries from these agreements in its Global Economic Prospects 2005. A new report from the Center for Economic and Policy Research (CEPR) entitled "Poor Numbers: The Impact of Trade Liberalization on World Poverty" by Mark Weisbrot, David Rosnick, and Dean Baker, similarly finds that gains to developing countries from trade liberalization are smaller in reality than the numbers that have been widely cited in the public debate. The authors' calculations show that the impact of trade liberalization on poverty reduction – while not inconsequential – will be to lift less than 100 million people from a per capita income just below the international poverty line of \$2 per day to just above \$2 per day.

"The gains from trade liberalization for poor people in developing countries have been overstated," said CEPR Economist and Co-Director Mark Weisbrot, a co-author of the report. "At the same time, the costs to developing countries of complying with commercial agreements such as the WTO are often ignored. This leads to a lot of misunderstanding regarding the potential impact of trade liberalization and the conditions that are attached to it."

Cline (2004), a leading reference on this subject, projects that rich country trade liberalization would lift 540 million people out of poverty. This new CEPR study shows that the projections in Cline (2004) substantially overstate the likely benefits for three reasons. First, a calculation error led to an overstatement of approximately 17 percent in the number of people who would be lifted out of poverty. Second, the methodology used in the book – fitting the income distribution using the Gini coefficient – is arbitrary and often quite inaccurate. An equally plausible alternative methodology – fitting the income distribution using the poverty rate – yields projections that are less than a fifth as large. Third, calculating the combined impact of the economic growth projected for a period in which any trade liberalization process takes place and trade liberalization itself, shows that the impact of trade liberalization on poverty reduction is approximately 20 percent as large as the corrected Cline projections.

Further, the typical person raised above the poverty line in these projections is someone with an income just below the international poverty level of \$2 per day. Trade liberalization is projected to raise their income just above this \$2 per day poverty level. While this gain can mean a significant improvement in the lives of some poor people, most of the people who are commonly described as being "pulled out of poverty" as they cross the \$2 per day threshold would still be seen as impoverished.

Though any reduction in poverty is desirable, since poor countries are being forced to make concessions in exchange for trade liberalization in rich countries, it is important that they approach trade negotiations with a clear assessment of the size of the potential benefits. Many of these concessions, such as the enforcement of rich country patent and

copyrights, impose substantial costs on developing countries. In addition, trade agreements often limit the ability of developing countries to pursue the same sort of industrial policies that rich countries used in order to develop. It is entirely possible that the cost to developing countries from paying copyright- and patent-protected prices to rich countries will equal or exceed the gains from rich country trade liberalization, as suggested by the World Bank's preliminary research. It is only by comparing the estimated costs and benefits of international commercial agreements to developing countries that we can say whether these will benefit poor people in developing countries.

See [www.cepr.net](http://www.cepr.net) for the full paper.

The Center for Economic and Policy Research is an independent, non-partisan think tank that was established to promote democratic debate on the most important economic and social issues that affect people's lives.

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## **5. Reminder: Sydney Seminar on China FTA: 7 December**

### **A China-Australia Free Trade Agreement: Trading away human rights?**

A seminar organised by the Australian Fair Trade and Investment Network (**AFTINET**), the Public Interest Advocacy Centre (**PIAC**) and the Australian Manufacturing Workers' Union (**AMWU**).

The Australian and Chinese Governments are discussing a possible Free Trade Agreement. China is one of the fastest growing economies in the world and is already Australia's second largest trading partner. But the lack of basic workplace and human rights mean many Chinese people are not sharing the benefits of economic growth. In Australia, complete removal of tariffs could mean higher unemployment at a time when workplace rights are also being reduced. Both governments are considering only economic impacts. This seminar examines the social and human rights impacts in both countries.

With:

- Dr Patricia Ranald, Public Interest Advocacy Centre and AFTINET (Chair)
- Doug Cameron, National Secretary, AMWU
- Sean Cooney, Senior Lecturer in Law, University of Melbourne
- Sarah Biddulph, Senior lecturer in Law, University of Melbourne

**Tuesday 7 December, 12pm-2pm**

**Jubilee Room, NSW Parliament House, Macquarie Street, Sydney**

Light lunch supplied

RSVP to Katharine Slattery, **AFTINET**.

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