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WTO GATS negotiations: trading away essential services?

What is GATS?

The Australian government is currently involved in negotiations about the General Agreement on Trade in Services (GATS) in the World Trade Organisation (WTO) until 2005.

The Australian government and other member governments of the WTO signed the General Agreement on Trade in Services (GATS) in 1994. It applies to all services, from banking to transport and telecommunications, to health, education and water. **GATS treats services as traded commercial goods, ignoring the social aspects of many services, which are so essential to peoples' lives. GATS aims to promote international trade in services, and to remove barriers to such trade.**

Although some GATS rules apply to all services, many only apply to those services that each government agrees to list in the agreement. However, GATS commits governments to increase over time the range of services included in the agreement, without any review of its impacts.

The GATS Agreement was signed with little public debate in Australia. Like other WTO Agreements, GATS rules are legally binding on all levels of government, and can be enforced through the WTO dispute system. Governments can complain about the laws of other governments to a panel of trade law experts which meets behind closed doors and the winner can ban or tax the exports of the loser.

GATS and privatisation of public services

GATS has some rules which recognise the right of government to regulate services and to provide and fund public services like health, education and water. However the definition of public services in the GATS is unclear: it defines public services as those **not** supplied on a commercial basis or in competition with other service providers. Since many public services have been exposed to private competition this means some GATS rules could apply to some public services. The current agreement only fully covers public services if governments list them in the GATS agreement. Most governments have not so far listed public services like health, education or water, but are being pressured to do so by transnational services companies which see these essential services as billion dollar markets for investment.

Governments are now being asked to increase the range of services which they agree to be covered in the GATS, and to make changes to the rules of GATS which could reduce their right to regulate services, and to provide and fund public services. There is a proposal to reduce the right of governments to regulate services by applying a "least trade restrictive" rule to some regulation of services. **This would allow these regulations to be challenged by other governments as a barrier to trade.**

There has also been discussion about **defining government funding of public services as "subsidies" to which corporations might have access through competitive tendering**, a form of **privatisation**

The GATS negotiators have been making specific requests for certain services to be included in the GATS agreement. European requests to Australia were placed on the internet in February 2003. Responses are due by March 31. The requests reveal that the European Commission, representing 15 European countries is requesting:

- inclusion of water services in the GATS. This could mean privatisation of water services and would also reduce the ability of state and local governments to regulate water services to ensure they are available and affordable to all
- the inclusion in the GATS of all postal items and all modes of delivery "handled by any type of commercial operator, whether public or private." This would mean privatisation of Australia Post and the end of the 50c standard letter charge which enables people in rural and regional areas affordable access to postal services. Privatisation of Australia Post would also mean closure of post offices in country towns already deserted by the banks.
- removing the powers of the Foreign Investment Review Board to review investment in the national interest and no right to limit foreign shares in strategic industries like Telstra or Qantas.

The US government has requested the removal of Australian content rules in film, television and music, claiming these are a barrier to trade.

We oppose these requests and believe that public policy about regulation, public funding and provision of essential and cultural services should be made democratically by governments at national and local levels, not secretly signed away in trade agreements. We call on the government to

- make public its requests to and from other countries, and its planned responses to those requests and enable public debate about the responses by delaying the March 31 deadline
- support the exclusion of all public services from the GATS, including public health services, public education services, postal services and water services
- oppose any proposals which would remove the right of Australia to regulate levels of foreign investment in any industry
- oppose any proposals which would open up the funding of public services to privatisation
- oppose any proposals to which would reduce the right of governments to regulate services, including the application of a "least trade restrictive" test to regulation
- submit all policies on GATS to full parliamentary debate and a parliamentary vote before commitments are made.

Letters and campaign materials are available on our website www.aftinet.org.au

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