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1. Invitation to join AFTINET discussion e-list

AFTINET is reviving a discussion email list on trade campaigning in Australia. This e-list is for people who want a higher volume of information and for people who want to contribute to discussions on trade campaigns. If you want to join this discussion e-list, please contact Jemma on jbailey@piac.asn.au.

AFTINET will continue to provide regular summaries of trade justice issues through our bulletins and website.

2. Parliamentary review of US and Singapore trade agreements gives

lie to claims of free trade success

The Parliamentary Joint Standing Committee on Foreign Affairs, Defence and Trade is currently conducting a review on the operation of free trade agreements with the US, Thailand and Singapore. The Committee held public hearings on Friday 19 August, mainly with representatives from government and industry. The transcript of these hearings revealed some interesting results – namely that Australian exports to both the US and Singapore have actually fallen since the FTAs came into force in January 2005. The hearings also revealed that a number of industry representatives echoed AFTINET's criticisms about the government's economic modeling prior to the signing of FTAs – namely that the modeling is misleading as it is based on unrealistic assumptions that overestimate the expected gains from signing an FTA.

The full transcript of the hearings is available at <http://www.aph.gov.au/house/committee/jfadt/ftas/hearings.htm>. We understand that the report will be tabled in parliament on 31 October.

3. No easy ride in the land of the FTA

The Age, 20 August 2005
Tim Colebatch

It was meant to be the big breakthrough for Australian exporters – but official statistics show Australia's exports to the US have fallen by 3 per cent since the start of the US free trade agreement. In contrast, the first six months of our FTA with Thailand saw Australian exports surge 63 per cent.

With record commodity prices lifting Australia's export earnings by 16 per cent this year, and an agreement that was meant to let us "dock into the world's most dynamic economy", why have exports to the US gone backwards?

It is not the first FTA that has failed to deliver. In the two years of Australia's agreement with Singapore, exports there have slumped by 28 per cent. Yet Singapore's exports to Australia have shot up 67 per cent in that time. A trade surplus of \$289 million in 2002-03 turned into a deficit of almost \$4 billion in 2004-05.

The figures made for uncomfortable questioning yesterday at a parliamentary committee hearing, particularly when Austrade and the Department of Foreign Affairs and Trade sent along senior managers rather than trade analysts to explain them. Labor members of the Joint Committee on Foreign Affairs, Defence and Trade zeroed in on the failure so far of the Singapore and US deals, while officials tried to spin out of trouble with a wealth of hypotheses.

Officials said it was "still early days" with the US free trade agreement, which took effect on January 1, and we should not expect results yet. "Our exports to the US have been in gentle decline since 2001," said Jeannie Henderson, director of the US/Canada desk. (They have fallen by 22 per cent, or \$2.75 billion.) She blamed the slump largely on the rise of the Aussie dollar, and said the Government was "very confident" that, over time, the FTA would help reverse the trend. "The United States market is extremely large and complex," she said. "It takes a while to work our way in."

But the official study last year of the Australia-US deal predicted it would lift exports this year by \$1 billion, implying a rise of 10 per cent. US exports to Australia have risen 7.4 per cent so far this year, roughly in line with the study's estimate. Surging gold and oil exports dominated export growth to Thailand, along with aluminium (up 53 per cent), cars and parts

(27 per cent) and pharmaceuticals (19 per cent).

Our exports some sizzle, some fizz

New Zealand: the Tasman shrank

1983-05: Our exports to NZ, up 10 per cent a year. To the world, up 8 per cent.

Singapore: no gain here

2003-05: To Singapore, down 15 per cent a year. To the world, up 5 per cent.

Thailand: Aussie invasion

January-June 2005: To Thailand: up 63 per cent. To the world, up 16 per cent.

US: where's the beef?

January-June 2005: To the US, down 3 per cent. To the world, up 16 per cent.

4. Update on Senate Inquiry on Australia's relationship with China

As reported in previous AFTINET bulletins, there is a current Senate Inquiry into Australia's relationship with China. AFTINET made a submission to this Inquiry and gave evidence at public hearings. Many AFTINET members also made submissions to this Inquiry. The Inquiry was meant to report on 15 September. This date has now been postponed to 10 November.

5. Civil Society Declaration on the G20 Ministerial Meeting in Pakistan

There was a meeting of the G20 in Pakistan from 8 – 10 September. The G20 is the coalition of 20 developing countries that threw a spanner in the works on the issue of agriculture at the WTO Ministerial in Cancun in 2003. The G20 represents developing country interests and plays an important role as a counter-power to the EU and the US. Community groups are concerned that the G20 will fracture under pressure from developed countries in the lead-up to the WTO Ministerial in Hong Kong in December and will accept a deal that may harm the interests of least-developed countries and access to food in developing countries.

Civil society groups from across Asia met in Pakistan during the G20 meeting to urge the G20 not to accept a WTO deal that may harm food security and least-developed nations. A summary of the civil society declaration follows:

- Aware that the G-20 has emerged as an influential group within the WTO and the emergence of the G-20 has raised the hopes for a better deal for the Third World;
- Aware that since there was no first approximation in July 2005, the rich countries and forces within WTO would certainly rush to achieve the first approximation in October General Council and a successive agreement in Hong Kong;
- Aware that there will be a new wave of informal, exclusive and non-transparent meetings in and outside the WTO.
- Aware that such practices would undermine the capacity of poor countries to fully engage in the negotiation process;
- Aware that consumers in the developing countries lose as a result of trade practices such as subsidized dumping by Northern producers which causes immense turbulence in Southern food markets and undermines local food production;
- Aware that WTO policies also harm the non-farming indigenous communities which still depend on commons, pastures, forests and natural waters for their livelihoods and cultures. The WTO-backed extended agriculture in fact encroaches upon the livelihoods of these communities like Kihals (riverine community) and Musalis (desert community) in Pakistan;

We recognise that Agreement on the Agriculture (AoA) has two fundamental problems. First, it does not differentiate between the structural characteristics of the agriculture system of rich countries and that of the poor countries despite significant differences between the two. For instance, majority of population in poor countries (70%) is engaged in agriculture as against only 3% in rich countries. Majority of the poor countries have subsistence agriculture system compare to the commercial and market oriented agriculture system in rich countries. Second, it contains implementations related loopholes that enabled rich countries to increase the subsidies by 9 percent after 1995 instead of reduction in subsidies.

We therefore believe that poor countries should avail this opportunity of AoA Review to rectify and overcome these fundamental problems. We accordingly urge the G20 to reject the current WTO negotiations package. We urge the G-20 to categorically reject the current anti-development package and to undertake necessary efforts to bring a TRUE DEVELOPMENT agenda on the negotiation table that must include the following:

- Immediate end of trade distorting domestic subsidies
- Immediate end of export subsidies and export credits in a way that the national reform programs in the rich countries do not impede the elimination of export subsidies
- A substantial numbers of special products and special safeguard mechanisms to be treated according to the situation of the respective poor countries
- Green box review to eliminate all trade distorting parts of subsidies
- Elimination of blue box
- Elimination of tariff peaks and tariff escalation

6. Canadian groups launch an appeal on the constitutionality of the North American Free Trade Agreement (NAFTA)

On 12 August, the Council of Canadians and Canadian Union of Postal Workers (CUPW) filed to appeal a Canadian Court decision concerning the constitutionality of NAFTA investment rules. The groups had asked the Court to declare the private enforcement of NAFTA's investment rules unconstitutional because it undermines the role of Canadian courts and offends both the Charter of Rights and Freedoms and the Bill of Rights.

Under Chapter 11 of NAFTA, foreign corporations can sue the federal government for compensation where legislation, policy or even the delivery of public services interferes with present or future profits. "We believe that legal disputes between individual corporations and the state, impacting on a wide range of legislation and public policy, cannot be placed beyond the reach of the Constitution and Charter," said trade lawyer Steven Shrybman. "NAFTA tribunals are not competent to apply Canadian law or legal principles, such as fundamental justice and equality."

CUPW and the Council of Canadians launched their court case against NAFTA in 2001 in response to the United Parcel Service's (UPS) lawsuit against Canada. UPS is suing Canada for \$160 million USD in damages under NAFTA arguing that our publicly funded network of mailboxes and post offices gives Canada Post an unfair advantage when delivering courier services that are in competition with private courier services.

"A win for UPS would cost taxpayers millions and undermine their public postal service, said CUPW National President Deborah Bourque. "What's more, the suit launched by UPS could just as easily be over public education or health care. Most crown corporations and public agencies deliver some services that are in competition with the private sector."

Investment provisions like Chapter 11 should be removed from NAFTA and other trade agreements signed by Canada,” said Jean-Yves LeFort of the Council of Canadians. “The willingness of our government to submit to these rules reflects an overwhelming concern for the commercial interest of foreign corporations at the expense of the public interest.”

The groups are appealing the decision to the Ontario Superior Court of Appeal and expect the case to be heard later this year or early 2006.

7. Inquiry into Corporate Accountability

The Parliamentary Joint Committee on Corporations and Financial Services has announced an Inquiry into Corporate Responsibility. This inquiry will look at the social and environmental impacts of corporations and whether the current legal framework is sufficient to regulate corporations and directors.

The Committee is calling for public submissions on this issue **by 30 September**. The terms of reference and further information can be found at http://www.aph.gov.au/Senate/committee/corporations_ctte/corporate_responsibility/index.htm.

Please consider making a submission to this inquiry. Some points that you could make are:

- Corporations are powerful players and their decisions impact the broader community and the environment. Corporations should therefore be bound to have regard for human rights, workers rights and the environment and should be legally accountable to the community.
- The existing legal framework is not sufficient to regulate corporations. Corporate directors are not allowed to take account of broader social responsibilities, where they conflict with shareholders’ financial interests. The law on directors’ duties should be changed to make directors consider the social and environmental impacts of their decisions.
- There has been a large increase in ‘corporate social responsibility’ initiatives. Unfortunately most of these, at a national and international level, are voluntary and rely on the good faith and honesty of the corporation. Any reporting initiatives or guidelines should be mandatory, should be independently audited and should impose penalties if corporations do not comply.

Please send submissions to corporations.joint@aph.gov.au or
Committee Secretary
Joint Committee on Corporations and Financial Services
Department of the Senate, Parliament House
Canberra ACT 2600

8. Conference - Piecing the Puzzle on trade and aid in the Pacific: 19 - 20 October, Sydney

You are invited to a one and a half day seminar with leading Australian campaigners looking at aid and trade policy in the Pacific region. The seminar will be held on 20 – 21 October at the Y Hotel in Sydney. Cost is \$100 (full price); \$50 (concession). For more information or to RSVP, please contact Kate Walsh at aidwatch@aidwatch.org.au or Jemma Bailey at jbailey@piac.asn.au.

The seminar aims to explore the new and emerging issues within this debate and provide an opportunity for participants to share information on their current focus. This in turn will provide a forum for campaigners, academics and communities to jointly strategise and network.