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 Australian Fair Trade
 & Investment Network Ltd

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If you would like to contribute to the Bulletin, please contact Jemma Bailey at jbailey@piac.asn.au or on (02) 8898 6500. Our website is <http://www.aftinet.org.au>.

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1. Public forum: Closed door deals and community resistance - A report back from the WTO Ministerial Meeting in Hong Kong

When 6:00pm Wednesday 15 February
Where Tom Mann Theatre
 136 Chalmers Street
 Surry Hills, Sydney (Near central train station)
Cost \$15 / \$5 concession
Speakers Alister Kentish, Australian Manufacturing Workers Union
 Jemma Bailey, Public Interest Advocacy Centre
 Matthew Skellern, AFTINET Working Group
 James Goodman, AID/WATCH (TBC)

Please join us for a public forum to find out what really happened at the Ministerial Meeting of the World Trade Organisation in Hong Kong in December. Incredible pressure was placed on governments in Hong Kong to sign away their rights to regulate across the negotiations on services, agriculture, industrial good and natural resources. This forum will discuss these backroom deals and their impact on workers, communities and the environment.

There are plans to conclude the current Doha Round of negotiations in 2006 but many issues

remain unresolved following the Hong Kong Ministerial. This year will be crucial for WTO campaigning and there will be plenty of time for discussion about the next steps in the campaign.

Organised by the Australian Fair Trade and Investment Network. To RSVP or for more information, please contact Jemma Bailey on jbailey@piac.asn.au or 8898 6521.

AFTINET's report on the outcomes of the WTO Ministerial is available on the AFTINET website: www.aftinet.org.au.

2. No celebration on the first anniversary of the Australia-US Free Trade Agreement

1 January 2006 marked the first anniversary of the operation of the US-Australia FTA. As predicted during the campaign, there was no great celebration to be had at the first birthday party of the FTA. The Government's own figures show that Australia's exports to the US in the 12 months to October 2005 have fallen by 4.7%. At the same time, US imports to Australia have risen by 5.7%. This directly contradicts the economic modelling used by the Government to support signing the FTA.

Compounding these negative terms of trade are recent claims by Trade Minister Mark Vaile that the Government may bow to likely demands from the US government to overturn the amendments to the USFTA legislation made by the ALP on access to medicines. The ALP's amendments were designed to limit 'evergreening', that is, attempts by large pharmaceutical companies to delay the entry of cheaper generic medicines by lodging spurious patent claims.

To gauge the impacts of the US FTA on Australia's medicines policy and the price of medicines, the Public Interest Advocacy Centre has lodged 2 Freedom of Information requests. These requests are about the Joint Australia – US Medicines Working Group and the decision of the Pharmaceutical Benefits Advisory Committee not to reduce the price for the drug Lipitor when it reduced the price of other similar drugs in July 2006. Lipitor is produced by the pharmaceutical company, Pfizer.

The Australian and US governments are due to conduct an annual review of the USFTA in March. This could be a good opportunity to raise the public debate again about the impact of the USFTA on social policies. We will keep you informed about the submission process to this review.

3. News clippings on the Australia- US Free Trade Agreement

Exports plummet in post FTA trade

ABC Online News, 4 January

Government figures show Australian exports to the US have fallen since the US Free Trade Agreement (FTA) came into force a year ago. In the 12 months to October last year, Australian exports to the United States fell by 4.7 per cent while US imports rose by 5.7 per cent.

Dr Patricia Ranald from the Public Interest Advocacy Centre says it has been a bad deal. "We expected there to be poor terms of trade, but we didn't expect them to be as dramatic as

this in the first year," she said. She says the deal will not get any better if the Government bows to pressure from US drug companies.

The Federal Government has said it is considering removing a Labor amendment to the FTA, which was aimed at protecting access to cheaper generic drugs. "We're not even getting ordinary economic benefits from this agreement," said Dr Ranald. "And yet we've traded off the rights to determine our medicines policies and other social policies in return for a trade agreement which is very lop-sided, where the benefits are going mostly to the US and not to Australia."

The Government says it is not troubled by the trade figures. The Acting Prime Minister Mark Vaile helped negotiate the trade agreement with the US and is still a big supporter. "There's been a 60 per cent increase in the number of companies and deals being done between Australian companies in the US as a result," he said. Trade figures tell a different story. Mr Vaile's spokesman says the Government has always maintained it would take at least five years to assess the success of the agreement and it is too soon to judge.

But Dr Ranald disagrees. "Well the US has got far more access to our markets under the agreement than we have to theirs," she said. Dr Ranald says the Government should consider withdrawing from the FTA if it is forced to make further concessions on drugs.

The high cost of free trade

Sydney Morning Herald, 7 January

By Mark Metherell and Matt Wade.

When the free trade agreement with the United States kicked in a year ago, Bill Rush saw his big chance. His company, Australian Defence Apparel, makes ceramic plates to be worn over bulletproof vests to protect troops against armour-piercing fire. The Australian-owned company has beaten German and Israeli competition to supply the British Army and London Metropolitan Police with its plates. The prospect of a \$40 million-plus sale to the US Army beckoned.

But Rush was soon to find that "free" trade with the US isn't what it seems. While Australia has removed barriers to the US supplying the Australian Defence Force, the US Army used a legislative ban on foreigners supplying clothing or fabric to block purchase of the Australian product. This was despite Pentagon support for the deal and the company's claim that a ceramic plate is neither clothing nor fabric.

It is early days, but so far the much-hailed free trade agreement has proved another story for Australia at large. The pact that the Government forecast would give a \$6 billion lift to the Australian economy over 10 years has produced a trade reversal for the junior partner. Figures for the first 10 months of last year reveal that Australia's exports to the world's economic giant have slipped while US sales to Australia have boomed, widening the trade gap by an estimated \$1 billion to top \$10 billion.

And pharmaceuticals and sugar, which threatened to stymie the pact initially, have resurfaced as issues of potential conflict.

The acting Prime Minister, Mark Vaile, who is also responsible for trade, this week left open the possibility of bowing to likely US demands to scrap the penalties for US drug companies using so-called "evergreening" ploys. These are used to extend drug patents as a means of

frustrating the entry of cheaper generic drugs into Australia. His caveat was that Australia would only consider backtracking on the amendments forced through by the former Labor leader Mark Latham if the US could produce evidence that they were detrimental. It would in no way be allowed to harm the Pharmaceutical Benefits Scheme.

PBS cost-cutting measures since the deal - particularly a mandatory price cut on new generic medicines which will slash pharmaceutical profits by \$1.4 billion over the next four years - are expected to harden the Americans' stance.

Vaile's comments on drugs stirred the Australian sugar industry to demand a rethink of Washington's refusal to allow sugar onto the negotiating table.

Farmers reap what the negotiators sowed

Sydney Morning Herald, 7 January

By Daniel Lewis

In rural NSW, Parkes has no peer when it comes to symbolising Australia's close relationship with the United States. There is "the Dish", the radio telescope that helped the world see the Americans put man on the moon, and there's the Elvis festival, a tribute to one of America's cultural legends. But there were no farmers marching down the main street on New Year's Day singing "Viva FTA" to mark the first birthday of Australia's free trade agreement with the US. A survey of the agriculture sector published by Austrade found 32 per cent were positive about the deal, but 11 per cent were negative and 57 per cent were in between.

When Parkes hosted a drought summit last year attended by 2000 farmers, the radio broadcaster Alan Jones got a standing ovation for a speech that berated politicians for signing a deal that he said would help heavily subsidised US farmers at the expense of Australia's unprotected agriculture sector. The US, he said, had the wisdom to help its rural communities stay strong while Australian politicians had a "PhD in short-sightedness".

Robert Wilson, the Mayor of Parkes and a grain and sheep farmer, agrees with Jones. Prices for wool and wheat are dire and Wilson says of the agreement: "I don't believe it's done anything. You can't have free trade when you have got subsidised industries competing against you. The only thing free about it is that we are nearly giving our produce away free. We live in a little world of [free trade] make-believe. "Free trade would be wonderful if everyone was playing on the same level playing field, but ours is tipped at 45 degrees and they have pinched the sprigs off our boots, so it is pretty hard going."

Although the agreement did away immediately with 66 per cent of the tariffs on agricultural exports to the US, barriers remain for many commodities and US farmers continue to receive billions in government subsidies. The Federal Government and the National Farmers Federation, however, are passionate about free trade. The Trade Minister, Mark Vaile, says true trade liberalisation would lift the average income of broadacre farmers like those around Parkes by \$11,800 a year.

Rodney Jelbart, who grows grain in the shadow of the Dish, fears the deal is being carried out for the benefit of big business rather than small farmers. He believes his US counterparts will be the winners and would prefer to see Australia sign the Kyoto agreement on climate change than more free trade agreements with countries such as China.

US sugar industry vows to fight changes

The Age, 5 January

The US sugar industry has pledged to put up a ferocious fight against any moves to open up the US sugar market to Australian farmers. Key American sugar groups - US Sugar Corp and the American Sugar Alliance - were surprised to hear Australian Trade Minister Mark Vaile reveal plans to lobby the US government to include sugar in the US-Australia free-trade agreement.

Sugar was controversially excluded from the FTA after strong pressure from US farmers. The American sugar industry was adamant there would be no change. "It's unfortunate if Australia feels as though it was out-negotiated," Jack Roney, chief economist at the Washington DC-based American Sugar Alliance, told AAP. "A deal is a deal. "I think US negotiators were very wise in excluding sugar from this free trade agreement."

Mr Vaile told reporters on Wednesday he would raise the prospect of adding sugar to the FTA when he met with US Trade Representative Rob Portman in March. The American Sugar Alliance - an influential group formed to protect the almost 150,000 American jobs linked to the US sugar industry - promised to lobby the US government to keep the FTA as is.

Asked if the US sugar industry would fight the Australian move, Roney replied: "Absolutely. We would fight that adamantly and I'm quite confident our government would fight that," he said. "I would be shocked if it was changed."

Roney added that the US and Australia should continue to fight sugar producing-countries that have "unfair subsidies. Sugar has been excluded from virtually every free trade agreement ever completed around the world," he said. "The goal in trade negotiations as far as we are concerned, and I think Australian canegrowers agree with us, is to address unfair subsidies from the many countries that do subsidise."

Roney argued the Australian sugar industry had suffered from the opening up of the Australian market. "We have seen the Australian government expose Australian canegrowers to the world market," he said. "It's had a terrible impact on canegrowers." The American Sugar Alliance is a coalition of US sugarcane and sugarbeet farmers, processors, refiners, suppliers, workers and others dedicated to preserving a strong US sweetener industry. The American Sugar Alliance also represents US Sugar Corp, one of America's leading privately-held agribusiness companies.

4. Charges dropped against WTO protestors in Hong Kong. Thanks to all who came to AFTINET's protest or wrote letters!

At the recent WTO Ministerial in Hong Kong, over 1300 people were detained following a rally for trade justice on 17 December. There were reports of excessive use of force by the Hong Kong authorities at the rally. The majority of these detainees were released but 14 protestors from South Korea, Japan, Taiwan, and mainland China were detained for longer on charges of unlawful assembly.

On 11 January, charges were dropped against 11 of the 14 arrestees. Charges remain on foot against three South Korean trade unionists and each has been allowed to return to South Korea. Outside the courtroom on 11 January, Korean unionist Yang Kyung Kyu said "We are furious that Hong Kong authorities did not drop all charges. The fact that 11 were released without any charges shows that the police are pursuing this on a political basis,

rather than on the evidence.” (The Hong Kong Standard, 12 January)

A strong global campaign developed to call for the immediate release of the 14 protestors. In Australia, AFTINET organised a rally outside the Chinese Consulate at short notice in January to call for the charges to be dropped and for an inquiry into any human rights violations against the protestors. Many AFTINET members also sent letters to Donald Tsang, Hong Kong’s Chief Executive. Thanks to all who participated in this campaign!

5. Australia-Thai trade deal to be challenged

The Age, 11 January

Australia's booming trade relations with Thailand are in doubt as a constitutional court challenge against the countries' free trade pact looms in Bangkok. The plans for a legal attack against the agreement have been set down by the Thai Senate Foreign Affairs Committee and come amid advanced negotiations between Thailand and the United States over a similar free trade pact.

Kraisak Choonhavan, Senate Foreign Affairs committee chairman, was asked if he believes the Thai-Australia Free Trade Agreement is unconstitutional. "Absolutely. The Thai-Australia, (and) all the FTAs that were signed," Kraisak told AAP on Wednesday.

A six-page statement released by the committee said the FTA signed with Australia and the current negotiations with the US were unlawful. The committee argues the Thai-Australia Free Trade Agreement (TAFTA) was never debated in Parliament as required under Article 224 of the Thai Constitution. Kraisak said the TAFTA would be used as a basis for legal challenge before the country's Constitutional Court. "This is clearly a breach of the constitution and yet the government says it is not," he said.

The committee accused the government of Prime Minister Thaksin Shinawatra of hastily pushing for FTA negotiations without listening to the views of farmers and academics. "Its stance is a clear refusal to observe democratic procedure and constitutional laws," the committee said. Kraisak accused the Thaksin administration of being autocratic by ignoring parliament. "In fact the Thai government is behaving like an autocratic, authoritarian regime in not allowing any discussion to (take) place in the parliament. Expect to answer questions at a commission level," he said.

The planned legal challenge comes as thousands of farmers, rural workers and activists staged demonstrations in the northern city of Chiang Mai, the site of negotiations between US and Thai trade officials towards a free trade pact. But a partial agreement covering agricultural goods with China made in 2003 has also raised protests from farmers, especially in the northern provinces that have been flooded by lower priced agricultural products leading to a sharp reduction in local agricultural output.

Australian and New Zealand dairy imports have also been the focus of local protests by farmers in recent weeks. "We see the nudging out of entire Thai products from Thai farms from the middle and upper market of the supermarket and replaced by Australian fruits, New Zealand milk," Kraisak said.

The Thai-Australia free trade agreement came into effect last year as part of several bilateral pacts ranging from Latin America to East Asian nations. The pacts were negotiated by the

Thaksin government given the slow progress on global talks covering the World Trade Organisation (WTO) Doha Round of trade negotiations. Australia's agreement with Thailand has led to a sharp rise in bilateral trade, especially in the automotive sector in imports to Thailand, while the key dairy and foods market has expanded trading opportunities for Australian companies. In the year to June 30, 2005, Australia imported A\$4.2 billion in merchandise goods from Thailand while exporting A\$3.9 billion worth of goods, according to Department of Foreign Affairs and Trade data.

6. AFTINET fundraising drive in 2006

2006 will be a big year of campaigning for AFTINET. There is a push to conclude the Doha negotiating round this year and accelerated negotiations in service sectors such as health, education, postal and water. The negotiations for the Australia-China FTA are gathering pace and a potential dispute on access to medicines under the US-Australia FTA looms. In addition, the Australian government continues to negotiate FTAs with the United Arab Emirates and Malaysia, as well as moving towards a regional trade agreement in the Pacific.

As always, we need your help. AFTINET receives no corporate or government funding. Our main funding sources are unions and other community and faith-based groups, as well as donations from members. The strength and success of our campaigns depend on our active membership.

We would really appreciate your ideas and assistance for our 2006 funding drive. Here are a few ideas or points we would especially like your assistance with:

Increasing membership: Talk about AFTINET and trade justice with your friends, colleagues and family and encourage them to become involved and support our campaigns. We will post out a couple of extra AFTINET membership forms with the 2006 membership renewal form. Membership forms can also be downloaded from the website.

Fundraising events: You could organise a fundraising and campaigning event in your own community. We're happy to assist in any way we can with events in your area. One AFTINET member recently had a birthday and requested that friends and family make a donation to AFTINET instead of buying a present. It's a great way to raise money and more importantly to raise the campaign in your area or in your group of friends.

Grants and large donations: Please let us know of any suggestions or connections you have to individuals or foundations that may be prepared to make a larger donation.

Trade justice t-shirts and stickers: We hope to produce some trade justice stickers and t-shirts this year to raise the profile of our trade justice campaigns in the community. The more striking or funnier the message, the better. Please send in your ideas for designs, cartoons and slogans. The winner will get ... our persisting gratitude and acknowledgement.

AFTINET has recently acquired the facilities to accept credit card donations. Details will be forwarded in your membership renewal letter and a donation form will be on our website soon.

Thanks again for your continuing support!