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1. G20 and Cairns Group meetings fail to revive WTO negotiations

By Hugh Bennett

The G20 meeting of WTO developing country governments concerned with agriculture met in Brazil in September, together with representatives of the G33 and other developing countries, and also held discussions with EU, US and Japanese trade representatives. However there was no breakthrough. The G20 statement regretted the suspension of WTO talks and repeated previous calls for elimination of unfair US and EU export subsidies, and for special and differential treatment for developing countries to protect their vulnerable agricultural sectors.

Two weeks later US and EU representatives also attended the 20th anniversary meeting of the Cairns Group meeting of agricultural exporters, hosted by Australia, and including both industrialised and developing countries. As the EU and the US exchanged blame for the collapse of WTO negotiations in July, Australia as host was having difficulty maintaining the peace among within the Cairns group. As chair of the Cairns Group, Australia proposed a further \$5 billion reduction in US payments to farmers and further cuts of 5% in EU offers on agricultural tariffs, but did not address the specific concerns of developing countries.

Although the most established agricultural lobby at the WTO table, the Cairns Group now shares the agricultural spotlight and many of its members with the larger G20 and G33 groups of developing nations who have major interests in protecting their vulnerable rural populations. While Australia emphasised the importance of universal tariff cuts to win concessions from the US and EU, Indonesia and the Philippines, leading members of the G33 as well as the Cairns Group, argued that special measures were required to protect the welfare of hundreds of millions of subsistence farmers in the developing world.

Hopes of reviving negotiations depend on resolving the deadlock between the EU and US over the size of the concessions each is prepared to offer. European Trade Commissioner Peter Mandelson, rejecting Australia's invitation to attend personally, effectively set the tone for the talks by lambasting Australia for its perceived American bias and 'Europe-bashing'. With such an antagonistic mood set, both the EU and US dedicated much of their effort at Cairns to obstinately maintaining their own positions.

Although it has welcomed moves to eliminate all export subsidies by 2013 Australia has found itself embroiled in a new conflict over the precise meaning of the term. Attending the discussions as an observer, WTO Director General Pascal Lamy identified the single desk marketing systems like the Australian Wheat Board as sources of unfair benefit in the export market, essentially export subsidies by another name. Trade Minister Mark Vaile disputed this.

Quite apart from the principle of single desk marketing, the AWB also faces charges of corruption in Iraq currently being investigated by the Cole Inquiry.

The Cairns Group statement called for trade talks to resume, for meaningful concessions from the US and the EU, and mentioned developing country concerns without proposing specific solutions to them. The WTO crisis will not be resolved without addressing these needs. AFTINET is calling for governments to take the opportunity of the suspension of talks to rethink the structure and the content of multilateral trade arrangements, to deliver genuine gains for developing countries, support labour rights and environmental standards, and enable all governments to retain their central role in fostering local development and regulating essential services.

2. AFTINET and Trade Ministry on the AUSFTA in the Australian Financial Review

Following the publication Dr Patricia Ranald's call for the abandonment of Australia-China free trade talks in the Australian Financial Review on September 13 (see bulletin 130), the following response from Parliamentary Secretary De-Anne Kelly and reply by Dr Ranald were also published. The government seems ultra-sensitive about any criticism of the USFTA, to the point of ignoring the China FTA issues and attempting to smear critics!

Letter to the Australian Financial Review 19/9/06 from De-Anne Kelly, Parliamentary Secretary, Minister for Trade,

AUSTFTA delivers outcomes

Patricia Ranald of the Public Interest Advocacy Centre argues the Australia-United States free-trade agreement (AUSFTA) is a "face-saving deal" and the benefits of "free-

trade agreements have been exaggerated" as the basis of her call ("Abandon China free-trade talks", Letters, September 13).

The truth is the AUSFTA is delivering real commercial outcomes for Australian exporters.

In 2005-06 there was a 3.4 per cent increase in merchandise exports to the US and a 3.6 per cent increase in services exports in 2005. Last year, the Australian sugar quota was increased to 126,686 metric tonnes.

However, it is specific industries which have benefited the most. Exports in 2005 of Australian produce to the United States have increased: dairy is up 47 per cent; cheese 90 per cent; and lamb and mutton 19 per cent. Services have also enjoyed a rise in exports: technical services have increased by 113 per cent, transportation services by 25 per cent; personal, cultural and recreational services by 21 per cent; communication exports 11 per cent; and computer and information services 5 per cent.

AUSFTA has delivered direct access to the huge government procurement market of the US federal government and 31 American states. Australian companies have already secured \$95 million worth of government contracts in the last financial year.

High-quality FTAs deliver real benefits but they are complementary and not a substitute for the Doha World Trade round, which Trade Minister Mark Vaile has pursued with great energy. FTAs deliver faster and deeper gains for our exporters in key and emerging markets.

Vaile said the Australian government would be irresponsible to stand by and ignore the huge opportunities presented by China's economic transformation with hundreds of millions of people moving out of poverty in the last two decades.

Your readers should be aware that the Public Interest Advocacy Centre, of which Ranald is principal policy officer, is linked with the Maritime Union of Australia, Australian Council of Trade Unions, Australian Education Union and others.

Letter to Australian Financial Review from Dr Patricia Ranald, 26/0/06

*Studies over-estimated benefits of free trade agreements
Parliamentary Secretary De-Anne Kelly's reply to my letter of September 13 misses the point on several fronts. The subject was the China FTA, and made only passing reference to the AUSFTA. In both cases, the point stands that studies conducted before the negotiations assumed removal of all trade barriers and ignored social impacts, and therefore overestimated the likely benefits of the agreements.*

While her letter argues that Australian exports to the US have increased in some agricultural and services sectors, the figures also show that they have fallen in some manufacturing sectors. She does not mention that Australia's total trade deficit with the US has increased, that is, the value of total US exports to Australia has increased more than Australian exports to the US.

But these trade figures do not measure the social impacts of the AUSFTA on Australia's health and other social policies. For example, the AUSFTA required a review to be conducted this year of Australia's national system of voluntary blood collection and processing, with a view to encouraging US companies to tender for this service. Studies show that the US system of payment for blood results in higher risks to the blood supply. All major health organisations have argued that the health policy principles of safety, security and self-sufficiency in blood products should prevail over trade considerations. Fortunately, state governments also support these principles, and their agreement will be required to change the system when the review reports next year.

The comments about the Public Interest Advocacy Centre (PIAC) are simply inaccurate. PIAC is an independent, non-profit legal and policy organisation that seeks to promote a just and democratic society by making strategic interventions on public interest issues. It works co-operatively with other organisations to promote public discussion about those issues.

On the public interest issue of the social impact of trade agreements PIAC works closely with and hosts the Australian Fair Trade and Investment Network Ltd (AFTINET), which is a separate company from PIAC. AFTINET has a membership of 90 community organisations, the largest single grouping of which is church organisations. It also includes unions, environment groups, social welfare, health and aid groups. All of its members are concerned about the social impact of trade agreements and want a fairer global trade system based on international standards for human rights and the environment.

3. Vaile to step down as Trade Minister

As the Cairns Group meeting wound to a close last week Mark Vaile officially announced his resignation as Trade Minister in favour of the less hectic portfolio of transport, ostensibly to focus on leading the National Party into next year's election. He will be replaced by former Transport Minister and deputy leader of his own party, Warren Truss.

With the suspension of WTO negotiations, the fate of the Australian Wheat Board is likely to feature heavily in Truss's new portfolio as WTO director Pascal Lamy claims single desk marketing is a trade barrier and the Cole Inquiry hands down its findings in late November.

4. Tonga defers WTO membership

Summary of Pacific Islands Report from Pacific Islands Development Program/East-West Center and Center for Pacific Islands Studies/University of Hawai'i

NUKUALOFA, Tonga (Matangi Tonga, July 26) – Tonga has deferred its membership of the World Trade Organization until July next year, the Tongan Prime Minister, Dr Feleti Sevele told the Tongan media yesterday, July 25.

The delay he said did not mean that Tonga was withdrawing its WTO membership application, but to give Tonga more time to improve its tariff system. However, civil society groups in Tonga had also debated the claimed benefits of the small island economy conceding to the demands of WTO membership, reflecting wider skepticism

in the Pacific Islands about the social impact of trade agreements.

5. Japan next on Australia's free trade agenda?

As free trade negotiations with China remain at a standstill, Australian trade officials are engaged in talks with their Japanese counterparts in Tokyo this week on a feasibility study for an Australia-Japan free trade agreement. Trade Minister Mark Vaile has already hinted at the favourable conclusions of the final report, due for publication in the coming weeks. However he referred to certain areas of 'sensitivity' in the agricultural sector, the main stumbling block in Australian agreements with China and the US also.

Japan's imports of coal and iron has made Japan Australia's third largest trading partner. However Japanese agricultural markets remain among the most heavily protected in the world, with tariffs as high as 400% on sensitive products such as rice.

In its capacity as Chair of the Cairns Group the Australian government has demanded that Japan reduce these tariffs. The contemplation of a free trade agreement with Japan would seem to undermine credibility on this issue.

6. STAND UP against global poverty on October 16, Sydney, Melbourne, Brisbane, Canberra, Darwin

STAND UP is a global effort to set an official Guinness World Record for the greatest number of people ever to STAND UP against Poverty and for the Millennium Development Goals, to Make Poverty History and show world leaders that it is time to TAKE A STAND against poverty. You can stand up at the following events, where there will be music and activities. You can also write to the Treasurer asking him to put poverty reduction at the top of the agenda for the G20 meeting of Finance Ministers in Melbourne in November. Note that this is a meeting of Finance Ministers mainly from industrialized countries, which will discuss debt issues, not the WTO G20 described above. For more information see www.makepovertyhistory.com.au

Sydney

Martin Place

Monday, October 16, 1pm - 1.45pm

Brisbane

Queens Gardens

Monday, October 16, 4pm - 6pm

Melbourne

Federation Square

Monday, October 16, from 7am

Canberra

Parliament House

Monday, October 16, 12 noon

Darwin

Raintree Park

Monday, October 16, 12pm - 12.30pm