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Australia Takes and the Pacific Gives in trade talks

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There's an old saying in trade negotiations, if you're not on the menu, you're on the table. So there's no doubt that Australian trade officials are happy with what was served up in Samoa last week.

When trade ministers from the Pacific region met in Apia to discuss a potential free trade agreement, they concluded with a unanimous recommendation to their leaders to enter into negotiations come the Pacific Islands Forum Leaders meeting in Cairns this August.

Before the meeting Australia, New Zealand and a number of other countries, including host country Samoa, were pushing for an agreement. Many expected this meeting to conclude with a recommendation to enter into negotiations, but few expected it to happen so easily.

What was scheduled for the whole second day of the meeting was in effect agreed to over a luncheon on the first. The Ministers went out to lunch without their delegation of advisors and government officials and ended up agreeing on a statement that would most likely have been pre-drafted. By the afternoon it was all stitched up, some happy, some very happy, and some quite rightly embarrassed.

Just six months ago the Pacific had presented to Australia and New Zealand a draft roadmap for dealing with a Pacific trade agreement, the Pacific Agreement on Closer Economic Relations, or PACER-Plus. In that draft road map, the Pacific Island nations mapped out a much longer timeframe, first starting with national consultations and research to determine whether or not to enter into negotiations. If the research suggested negotiations were a good idea, this would be followed by informal negotiations, and then finally formal negotiations beginning in 2013. In addition to this was the \$11 million proposed for an Office of Chief Trade Advisor, a separate entity that would provide research and negotiation capacity and even act as a point of contact for negotiations. This would all up take 5 years. All these would have combined to place the Pacific in a much better position to assess and participate in any negotiations.

What did they end up with? Negotiations to be announced in August with the first round likely to be one week after that with timelines for the whole process yet to be decided. An Office of Chief Trade Advisor funded to the tune of \$3 million over 3 years with a reduced remit that boils down to essentially facilitating meetings. In terms of funding for research and capacity building, Australia has offered \$65,000 for research and will continue with its ten module training course for negotiators. That's right, the Pacific officials are learning how to negotiate their sensitive trade issues by discussing them with Australia before hand. This is a far cry from the Pacific's initial

call for an independent Office of Chief Trade Advisor that would act as a collective point for research and negotiations.

You do have to hand it to the Australian and New Zealanders, they comprehensively outmanouvered and outplayed their Pacific counterparts. Critical to this was the removal of Roman Grynberg from the Pacific Islands Forum Secretariat. Dr Grynberg has long been a thorn in the side of Australia's trade ambitions with his expertise and strategy in negotiations, particularly in providing assistance to the under resourced Island Countries. So it must have been much to Australia and New Zealand's delight that his contract was not renewed last year on account of some Pacific Islands Forum members not being happy with his role in the servicing of *all* the clients, including Australia and New Zealand, in Pacific Islands Forum. To add even more insult to injury, it now looks like an Australian, Dr. Chakriya Bowan will fill Dr Grynberg's role as Economic Governance Director.

Not only this, Australia played the old trick of starting out with the outrageous and then 'compromising' on something more in line with what they wanted. Australia was initially demanding to have a say in the governance of the office of chief trade advisor. This is highly controversial as any negotiating party should not have a say in the structure of the capacity and negotiating support for another party. This is something that Australia would surely not stand for in negotiations with other trade partners and the Pacific should have done the same. This was one thing that should never even have been on the table, yet there it was and there were no surprises to see it cut back in the giving and taking of the final decision. However with the Office of Chief Trade Advisor initially being housed at the Pacific Islands Forum Secretariat the likely Australian replacement of Dr Grynberg will, as it turns out, have some involvement in its governance. How this influences the OCTA remains to be seen but as a symbol it further erodes any supposed 'taking' for the Pacific in the negotiation of this decision.

If that wasn't enough, there was the presence of Bob McMullan, Parliamentary Secretary for International Development Assistance. Throughout this year Bob McMullan and Simon Crean have been touring the Pacific talking about the benefits of free trade and handing out aid money as they go. With Pacific countries so dependent on aid money, the message was not lost: free trade and aid go together.

Fiji's absence was also apparent. Fiji has been one of the strongest voices in holding a strong Pacific position and their absence significantly weakened the stance of the Pacific. Simon Crean has maintained that the suspension of Fiji from the Pacific Islands Forum automatically applies to PACER-Plus talks, a very convenient position from Australia's point of view. Fiji's exclusion however, is being challenged. A legal opinion released to the media by the Pacific Network on Globalisation claims that PACER is a separate legal framework to the Pacific Islands Forum, hence the suspension of Fiji from the Pacific Islands Forum doesn't automatically equal suspension from PACER-Plus talks. This means that the recommendation to launch PACER-Plus negotiations is technically not legally binding. Fiji has already issued a statement condemning their exclusion from the talks last week and stated that any outcomes from the meeting violate the terms of "consensus" and therefore doesn't apply to Fiji. How this gets taken up by the rest of the countries remains to be seen.

This was the situation that faced the Pacific. Not only were they facing pressure from Australia and New Zealand to negotiate, but they also faced the issues of diminished capacity and extreme demands. With media statements from various Ministers within the Pacific Islands buying into the idea, as well as the host of the meeting and agenda setter, the pressure on those trade ministers from still holding out was immense. Not only this, the lunch “meeting” without government officials also meant that the expertise of the officials was lost on the decisions of the Ministers. With decisions needing to be made by consensus it's hard to be the lone dissenting voices.

It was this backdrop that greeted us non-government organisations when we rocked up to the Ministers’ cocktail party. Despite officials from the Australian delegation reassuring us that there was a consensus and general happiness with the outcomes one only had to talk to those who weren’t ‘celebrating’ at the cocktail party. A number of ambassadors from the Pacific Islands expressed their anger at what Ministers had agreed upon to the non-government groups. One Pacific Minister from the Cook Islands was so upset by what was agreed to he was on the first plane home, without a cocktail.

As the Pacific enters this new era there are big questions that need answering. All the social, environmental, and labour issues associated with a proposed PACER-Plus remain, this decision to enter into negotiations does nothing to answer them. Not only that, the trade ministers from all these countries need to be called to account. It is reckless for all involved to enter into negotiations without knowing the full impacts of what is proposed. In particular, Simon Crean needs to explain why undermining the capacity and time for the Pacific to be prepared to enter into negotiations (if they found it was worthwhile) helps them enter into what he refers to as “enhancing prosperity in the Pacific”.

With PACER set to diminish \$10 million in government revenue for the Pacific as well as see thousands of jobs go the Pacific has a lot of soul searching to do. Australians on the other hand shouldn't let their government get away with pushing their neighbours around like this.