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**APEC – what about the poor?**

1. Caritas Australia is a member of the international Caritas confederation, working in 180 countries through 162 national bodies. Together we are the second largest international aid and development agency in the world.
2. One of our partners is the Asia Partnership for Human Development (APHD), an association of 22 Catholic development agencies (mostly Caritas agencies) from Asia, Europe, Canada, Australia, and New Zealand, that draws inspiration and vision from Catholic Social Teachings.
3. We support the work of our partner agencies on sustainable agriculture, food security, and farmers' rights, Genetically Modified Organisms (GMOs) seed rights, and other trade-related issues centering on the WTO negotiations on TRIPs and Agreement on Agriculture (AoA). Fundamentally we promote peoples right to choose their own path to development.
4. We are in some ways similar to the APEC forum. For one, both groups have more than 20 partners located in Asia and the Pacific. In terms of process, APHD works on strengthening its partnership through binding agreements whilst APEC works on a loose and informal institutional arrangement.
5. However and this is a big difference, we work in solidarity with the poor, marginalized and oppressed peoples of Asia for empowerment, development, and the promotion of their dignity and rights. This partnership commits itself to sharing, learning and capacity building in the context of the Asian realities of poverty, exploitation and exclusion, and the unfolding challenges of globalization. We recognise the structural impediments to people breaking free from poverty, hence we see advocacy as a crucial part of our work. This is something that is highly questionable in regard to APEC.

6. The global economic crisis that was the Asian Financial crisis, began in Thailand, on July 2, 1997. The countries of East Asia were coming off a miraculous three decades: incomes had soared, health had improved, poverty had fallen dramatically. Not only was literacy improving, but, on international science and math tests, many of these countries outperformed the United States. Some had not suffered a single year of recession in 30 years.
7. But the seeds of calamity had been planted. In the early '90s, East Asian countries had liberalized their financial and capital markets due to pressure from bodies like APEC – caught up in the fever to liberalize anything and everything.
8. These changes provoked a flood of short-term capital. In Thailand, this short-term capital helped fuel an unsustainable real estate boom. And, as people around the world have painfully learned, every real estate bubble eventually bursts, often with disastrous consequences as in the latest sub-prime mortgage disaster.
9. And what did APEC do? Supported the flawed plans of the IMF which made the crisis and its impact worse. Flawed policies from the rich which impact most upon the developing countries. And of course the most vulnerable are the poor.
10. This example seeks only to emphasize the fact that globalization is a reality. What happens in any one of our countries can, will and does affect us.
11. The Millennium Development Goals – a 15 year action plan to tackle poverty, signed in 2000 by all members of APEC, including Australian Prime Minister John Howard, are an example of the importance of globalization. Yet it is very disappointing that they do not appear on the agenda of APEC.
12. The half way report of the MDGs that came out this year clearly shows that the Pacific area is unlikely to meet virtually any of these goals. The MDGs are fundamentally about human rights – the rights of the most vulnerable - and a failure to make this a crucial aspect of APEC is an example of where this forum is completely off the rails.

13. The most pressing global issue at the moment is of course climate change. Again like the Asian Financial Crisis, climate change is a problem created by rich countries and transferred to the poor ones. We hear this week that China is now the largest single emitter of CO<sub>2</sub> – yet who has been the greatest emitter for the last 200 years since the industrial revolution – the rich countries.
14. The poor are of course the most vulnerable from climate change. In Bangladesh where I work, the mangroves are dying off due to higher sea levels, putting those that live on the most vulnerable land, the only place they can call home – at extreme risk. Arable land is receding due to increases in salinity. Traditional fishing grounds are dying off as the coral succumbs to the climate chaos.
15. In India, small scale farmers are killing themselves by the score as they succumb to another year of drought – little food, no money, limited education for their children and limited access to health services. This is the human face of climate change. People, the world's most vulnerable, dying of starvation. And what do the 21 leaders here for APEC do... Well we live in hope!
16. It is pleasing to see that climate has made it onto the APEC agenda – though the political imperatives of the host nation in an election year are likely to have something to do with that....
17. Meanwhile in developing countries organisations like Caritas are getting on with the job of assisting those affected to mitigate and prepare them for the future and we are also making a difference to their lives today.
18. Education is the first step – and we are doing this across the Asia Pacific. Working with local farmers and explaining to them the impacts of trade agreements, genetically modified foods and intellectual property rights of seeds, many of which, although they have used for millennia are under threat to them by the big agricultural predators. It is not easy work explaining these highly technical issues to farmers, many who remain illiterate.
19. Implementation is the second phase. In places like Bangladesh we are replanting mangroves lost to deforestation, climate change and the quest for progress. This simple task can protect vulnerable communities whose land is threatened, improve their nutrition through better crop diversification and efficiencies. It is not sexy work – but it is making a real difference.

20. In Nepal, crop yields are over 200% greater in areas where we are working. This again is not complicated work – improving land use, maximizing crop growing periods, rejecting chemicals and using organic fertilizers.
21. This work is also bringing communities together, strengthening them through education and training, nurturing their own path to development.
22. We are doing our part – but if we are realistic - it is but a finger in the dyke. Unless radical action is taken by rich countries the cause will be lost and organisations like ours will not be involved at all in development but will be reduced to feeding people and putting up sandbags. This friends, is the reality of climate change.
23. What we need is urgent reductions in the emissions of CO<sub>2</sub>. At least a 50% global reduction on 1990 levels by 2050. Developed countries must reduce their CO<sub>2</sub> output by 30% by 2020 and by 80% by 2050 based again on 1990 levels. Anything less and we are sunk.....literally.
24. Of course the developing world has a role to play but the rich nations must take the lead – they have benefited from 200 years of industrialization and now they must reduce immediately – or we in the poor world will pay the cost – again.
25. If these reductions are not agreed at this APEC forum – APEC loses all relevance and credibility and must be completely disbanded.
26. The history of APEC has shown its shift from an initial focus on the big issues of our region to a purely free trade agenda. APEC members agreed through the Bogor Declaration to “free and open trade and investment” in the region by 2010 for industrialized countries and 2020 for developing countries.
27. However, and may I say to the benefit of the developing economies, the Bogor goals of having a free and open trade and investment did not materialize as expected.
28. Because of the divide between developing and developed countries, APEC and its Bogor goals lost credibility. Hence we have the proliferation of bilateral trade agreements which plague us now.
29. From the perspective of Caritas organisations, we attribute APEC’s growing irrelevance to the political conflicts of interest that have created clashes between

the large and small economies, the developed and developing countries, within APEC and within APEC countries.

30. More specifically, we see the culprit as the heavy pressure mounted by APEC's Western members pushing economic liberalization.
31. Eastern members of APEC are right to be concerned that any hasty liberalization would compromise their autonomy in enacting their own paths to development. Health for instance is chronically under funded in the Philippines. Yuri our colleague who was to speak here today, was overcome with an illness easily treated here in Australia. APEC deals with economic matters but does not consider the cost of the millions and millions of lost hours from poor health provision that are lost to these developing economies.
32. The smaller and weaker economies within APEC require more time to build-up their domestic markets. Their governments must be assisted in building the needed institutional infrastructure, economic reforms and regulatory frameworks before they can embark on full liberalization.
33. Rapid trade liberalization without adequately preparing developing countries' economies has resulted in adverse effects for the large section of the regions population – especially the poor and the marginalized. Products and services of strong countries have taken over and flooded the markets of weaker members with huge effect.
34. Take for instance the flooding of markets in the Philippines with foreign produce, particularly non-traditional staples such as potato. Swamping these markets at such cheap prices has meant a reduction in demand for traditional staples such as rice. This puts farmers in an untenable position. If these farmers can't sell their produce, they can't pay their rent and they are forced off their land.
35. We are told by Governments like Australia that these small scale farmers are not competitive on a global market and hence they must retrain as IT workers – this is typically idiotic. How can they be IT workers when many lack basic literacy skills and in many cases have no electricity to plug in computers...if they could afford one.

36. The result? A net loss of jobs, a tragic loss of livelihoods, increased food insecurity and, serious economic and social dislocation. These are already being experienced with the current trade agreements under the WTO
37. The same negative effects are expected with the rapid liberalization of foreign investments. Pressure being applied by APEC's strong economies in this area will also have serious consequences for the developing members. The proposal of the Eminent Persons' Group (EPG) basically grants total rights for foreign investors to control domestic economies. This takes away poor countries' right to regulate the entry of foreign firms and their operations, and would seriously impact their economic decision-making.
38. With a bleak future facing APEC, and its failures to advance beyond its 'nice' sounding declarations, it is thus quite surprising that in the last APEC Summit in Vietnam, APEC members launched a process that supporters say could ultimately produce the 'largest single act of trade liberalization.'
39. To bring back interest on APEC, members are seriously considering the possibility of a Free Trade Area of the Asia and the Pacific (or FTAAP as it is called). FTAAP is actually an alternative plan aimed not only at reviving interest on APEC but more importantly, it is an available option to restart the stalled talks of the WTO's multilateral process. The DOHA Development Agenda (DDA) remains highly desirable for APEC and contributing to its resumption is a means of showing commitment to its success.
40. Also the APEC suggestion that an FTAAP would "generate gains for the global economy as a whole far superior to any plausible WTO negotiation," we believe that this is true, but only for the 'rich boys club' of APEC. We perceive a real danger in the existing APEC process which is being dominated by a few rich countries pushing hard for their own commercial interests. The people in poor member countries will again bear the heaviest burden..
41. The recent signing of the Free trade agreement between Japan and the Philippines is an example of all that is typical of such an approach to trade. The Philippines are forced to forgo 9 billion pesos in tariff revenue, put Japanese entrepreneurs in front of local investors thanks to the preferential investment agreement and the Philippines was allowed only two items from the list of products excluded for any immediate or future commitments to reduce tariffs, while Japan can exclude 239 items.

42. This is a trade agreement between two countries, one economically strong and one economically weak. A similar scenario wherein APEC's strong economies, though few, will use their power as a group, to pressure the weaker but majority economies into fully opening up their trade and investments. Again, the poor and marginalized people of the weaker economies bear the heaviest burden.
43. The creation of a free trade area will further erode democratic rights and the destruction of democratic institutions.. The indiscriminate opening up of the economy will further heighten unfair competition, benefit only those who monopolize capital and technology- the rich, and accelerate the depletion of natural resources in developing countries.
44. A good example of this is the mining sector in the Philippines. In 1995, the Philippine Mining Act was passed, to unlock the country's estimated 30.8 billion metric tons of metallic and non-metallic minerals and to globalize the Philippine mining industry.
45. This law removed the constitutional restrictions on foreign investors participating in the mining industry by allowing 100% foreign owned mines.
46. The Mining Act was significantly influenced by international players such as the World Bank through its Country Assistance Strategy. And we know the duress organisations like the World Bank can bring to the table.
47. In 1997, a petition was filed in the Supreme Court questioning the constitutionality of the Mining Act (RA 7942). It took seven years for the Supreme Court to come-up with a ruling in favor of the petition, declaring on January 27, 2004 that the Mining Act violated the constitution.
48. However, under great pressure, the Supreme Court caved in on December 1, 2004, and reversed its earlier decision – much to the disgust of people who are likely to be affected.
49. The adverse social impact of mining on the affected communities, especially on Indigenous communities, far outweigh the local gains promised by large-scale mining corporations. Mining has scarred the Philippines: mine tailings have flooded villages and killed individuals, natural resources are depleted, cyanide and other toxic chemicals have been pumped into the natural environment, the ill effects on

health, fabricated social acceptability, polarization among locals, unjust labour practices, failure to pay taxes due the local government, abandoned mines that continue to harm the environment and inhabitants long after operations have ceased, displacement of indigenous communities, unfulfilled promises of community development, militarization, intimidation, threats and a growing distaste for the Government and corporations.

50. There is not the institutional capacity within the Philippine government or the courts to adequately police these problems and compensate the victims. We have seen with the Australian company Lafayette in their Rapu Rapu mine in Albay Philippines, the dumping of toxic chemicals into the waterways killing fish and making people sick, poor environmental preparedness has seen recent heavy, though seasonal rains, overflow their tailings dams and further pollute the environment. Very few local people are employed at the mine and the benefits to the community are minimal, hence many locals are strongly opposed – yet of course they have no say and very little legal recourse to affect the situation.

51. Similar sad experiences will happen to poor economies within APEC if the supposed plan to allow foreign corporations the total rights to control domestic economies will be allowed as a result of APEC's rapid liberalization of investments. In this scenario, as evidenced by mining in the Philippines, it is the foreign corporations that will have most of the economic benefits, while leaving domestic companies in the dust fighting for survival in its own country.

52. From our standpoint, APEC must consider the following recommendations to promote real sustainable economic development for all people in our region:

***On trade and Investment***

a) APEC needs to put the interests of the poor and marginalized at the center of its agenda. If we are to truly make the MDGs we must renew all our efforts to tackle poverty. A failure to do this makes APEC irrelevant.

b) APEC economies should not be pressured into accepting rapid trade and investment liberalization. Members must be able to chart their own paths to development based on the pace of their economic growth, their country's development objectives and strategies, and the capacity of its economic and social sectors;

- c) Food security must be a crucial goal, preventing the loss of livelihoods, and competition from foreign corporations and products should be exempted from liberalization; in a region where tens of millions are vulnerable to food security this is the issue which will truly foster long term sustainable development
- d) Non-binding investment principles must not be converted into a legally binding agreement and must remain as a voluntary act. The proposal to give foreign investors the right to establish themselves in any APEC country, provided with national treatment and free from financial and economic regulation must be rejected;
- e) APEC leaders and economic officials must not be pressured into agreeing to an FTAAP. They should first consider the needs of smaller and weaker members and cease pushing for rapid liberalization. Detailed studies should be conducted to review the economic, social and environmental impacts of rapidly opening-up trade and investments on each APEC economies;

### ***On Strengthening Regional Cooperation***

- f) APEC members must capitalize on the benefits of regional cooperation and work to strengthen closer ties on tackling and achieving progress on crucial human security problems in the region particularly on poverty, health, education, countering terrorism and the transnational spread of diseases;

### ***On the Environment***

- g) APEC members must commit to reducing their greenhouse gas emissions to ensure the environmental integrity of the international response to climate change, the following emissions targets must be agreed to;
  1. *At least* 50% reduction globally by 2050, with a 1990 base year
  2. *At least* 80% reduction for developed countries by 2050, with a 1990 base year
  3. *At least* 30% reduction by developed countries by 2020, with a 1990 base year.
- h) APEC must integrate economic and environmental goals to effectively address the driving forces of environmental destruction within the region. Trade and environment policies and impacts are interlinked; both at the national and regional level, and as such, policies on trade and investment should uphold and maintain the environmental integrity of ecosystems;

- i) Furthermore, APEC members must make a common commitment to internalize environmental costs and maintain ecosystem health. They should have common rules, guidelines and frameworks for environmental management formulated through the process of regional discussion and consensus-building; members should also focus on issues that it can successfully discuss today beyond its long-term goals, efforts that can for example look on the reduction of barriers on clean technologies and at the negative environmental subsidies on agriculture, water, energy;
- j) APEC should consider forming a Working Group on Agriculture and/or an Environment Commission that will study the relationship between agriculture, resource management, trade and environmental policies. Broad trade related environmental disciplines should be considered by members that are aimed towards sustainable agriculture;
- k) APEC economies should also look into financial mechanisms that will support the rising environmental demands for capacity building and environmental infrastructure. This can be through an APEC Environmental Fund;

53. In closing, the Caritas Agencies that are part of APHD, recognizes that APEC plays an important political and economic role in the region. However, the process that APEC must take and the progress it should make, must stay relevant not only on its contribution to increasing the global economy, but more importantly, in assisting its poor and weaker members in developing its capacity.

54. APEC stands as the only institution at the crossroads of Asia-Pacific's economic and environmental future. For it to be an effective force in the regions' policy coordination, it must effectively address goals that are supportive of both economic and environmental cooperation and coordination and put people first.

55. We believe that APEC and its aim of liberalizing trade can contribute significantly to human development if the benefits of trade are shared more equitably between and among its member economies. The Western members must go beyond their national interest and consider the wider interest of the people living in APEC member countries. Only through this can APEC realize its vision of "stability, security and prosperity for all peoples" in the Asia-Pacific region.

56. Yuri Munsayac, our colleague from APHD could not be here today. But we are stronger than one because we stand together as a regional network and an international movement. APEC may close its doors to us but this will not stop us or slow us. Our voices will be heard because what we fight and struggle for is justice. With your help we can make this world a fairer place. Let's stand together and fight for what is right.

Thank you