



AFTINET Ltd
Level 1, 46-48 York Street
Sydney NSW 2000
Phone: 02 9299 7833
Fax: 02 9299 7855
Email: pranald@piac.asn.au
Website: www.aftinet.org.au
ABN 83 659 681 462
ACN 097 603 131

MEDIA RELEASE

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US Free Trade Agreement Limits Future Social Policy

"The Pharmaceutical Benefits scheme, Australian content rules in film and television and the labelling of genetically engineered food are all targets in the Australia-US Free Trade agreement negotiations which resume this week," Dr Patricia Ranald, Principal Policy Officer at the Public Interest Advocacy Centre, said today. "These are important social policies for Australians, but the US sees them as barriers to trade," she added.

Dr Ranald convenes the Australian Fair Trade and Investment Network of 67 community organisations, which monitors the effect of trade agreements on social policy.

"A Free Trade Agreement which treats social policies as trade barriers freezes such policies at the negotiated levels, and future governments may not be able to change them. This is fundamentally undemocratic, as it removes social policy from democratic decision-making," said Dr Ranald.

"Both Australia and the US want a "negative list" agreement for services and investment. This means that all existing government policy and regulation on services and investment is included in the agreement unless it is listed as an exception. Even the exceptions can be legally "bound" at the existing level with the aim of preventing governments from introducing greater regulation in the future," Dr Ranald explained.

"For example, the Australian government wants to deregulate doctors' fees and university fees. If this succeeds, and becomes part of a Free Trade Agreement, it would be difficult for a future government to introduce new regulation. Attempts by a future government to do so could be challenged by the US on the grounds that such changes were a barrier to trade or investment in services," Dr Ranald added.

Dr Ranald added, "The US also wants corporations to be able to challenge laws and sue governments if those laws harm their investments. Under similar provisions in the North American Free Trade Agreement (NAFTA) US companies have challenged environmental laws in Mexico and Canada. The UPS courier company is suing Canada Post, alleging that the public postal system is a barrier to trade. Australia Post provides a similar service and could be challenged under a Free Trade Agreement".

"These vital services and social policies should not be negotiated in a trade agreement which can prevent future policy change" said Dr Ranald. "The talks are taking place behind closed doors and we will not know the result until the deal is done. The final decision is made by Cabinet, not by parliament. We call on the Minister to reject the US agenda. Social policies should be democratically decided by parliaments, not secretly negotiated in trade agreements"

Dr Patricia Ranald PIAC (w) 02 9299 7833 (h) 02 9698 8513 (mob) 0419 695 841