

30 January 2018

To the Honorable Members  
Senate Committee Inquiry

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Re: PACER-Plus Trade Agreement between Australia, NZ plus 12  
Pacific Island countries.

I am concerned about seven aspects of this proposed agreement:

1. **The secrecy surrounding these trade negotiations** and expected voting behaviour by our elected parliamentary representatives before actually seeing the details of the agreement about which they are expected to make decisions by voting. This is clearly not in line with the electorate expectations of parliamentary behaviour within a democracy. This is also contrary to all consumer training and contractual law, which states all contractual documents should be read carefully before appending signatures.

The negotiations have also been conducted in secret, making it very difficult for [civil society organisations](#) and Pacific Island communities to make a meaningful contribution to the process. However, leaked documents did reveal many issues of concern to Pacific Island civil society groups, and the Pacific Network on Globalisation published a 2015 report, [Defending Pacific ways of life: A People's Social Impact Assessment of PACER-Plus](#), and a 2016 [Peoples' Guide to PACER-Plus](#).

2. **The rejection of this agreement by PNG and Fiji** appears to suggest the agreement may be skewed towards the interests of New Zealand and Australia, who want lower tariffs for exports and more rights for foreign investors. This is despite the latter country currently proposing legislation that is claimed to be controlling foreign investment in our own country. This is also despite early rhetoric by the Australian government that the trade agreement was about the development needs of Pacific Islands.

3. **Implications for Foreign Relations of One-sided Agreements.** I share the concerns cited by Papua-New Guinea and Fiji about how little benefit will accrue to signature countries, other than Australia and New Zealand. **One-sided agreements** are not only unjust, but in the long-term are unlikely to maintain or improve inter-country relations between those of us who reside in the Pacific Region. Any unfair advantage that Australia may accrue from this trade agreement is likely to push Pacific Island countries into closer relations with other nations, such as China, rather than encourage mutually cooperative and supportive ties with Australia and New Zealand.
4. The fact that the agreement is not subject to thorough **independent cost-benefit analysis** or economic modelling, for example, by the Productivity Commission. Releasing this modelling publicly, before seeking Parliamentary support for the Pacific Island Trade Agreement would reassure the public and other countries of its benefits. The fact that the proponents have resisted requests for both social impact assessments and economic modelling add to suspicions that there may be a deliberate attempt to disguise 'costs' as 'benefits'.
5. My fourth concern is that there appear to be **reductions to the capabilities of governments to legislate regulatory requirements to protect** labour conditions, trade practice justice, human rights and environmental protections. It is difficult to know about this in any detail without having access to the content of this proposed trade agreement. Rules governing trade in services could reduce governments' ability to regulate in the public interest. Surely this is a fundamental flaw in the agreement that challenges the very substance of a democratically elected government and our system of representational governance.
6. The request for **Social Impact Assessments** prior to signing the agreement is very wise. The outcomes may well support with evidence what the proponents of the trade agreement are claiming in terms of benefits. A Social Impact Assessment would meet some of the concerns of civil society groups in Pacific Islands and in Australia. If, however,

such assessments, combined with economic modelling, provide evidence indicating impacts of the PACER-Plus trade pact may be limited or detrimental, this evidence should be sufficient to reject the PACER-Plus proposal in Parliament, as part of a commitment to policy based on research outcomes.

## **7. Loss of revenue for Pacific Island nations**

Pacific Island countries already have tariff-free access for their goods in Australia, so PACER-plus provides no extra market access. The main purpose of PACER-Plus is to reduce tariffs on Pacific Island imports from Australia and New Zealand and to reduce the ability of governments to regulate foreign investment in services and other sectors.

Tariff reductions would lead to significant revenue losses for smaller Pacific Island countries, and it is unclear how these losses can be offset. This could impact on the ability of these governments to provide essential services to their populations. Many Pacific Island governments are already struggling to provide public services like health, education, water, police and emergency services.

One option is to implement Value Added Taxes (VAT) as a replacement for tariffs. However, the International Monetary Fund [concluded](#) that developing countries that implement VAT only collect 30 per cent of the revenue they previously received from tariffs.

For the above six reasons I am advocating significant changes to the proposed PACER agreement if it is to move to the implementation stage.

Yours Sincerely

Saide Gray

Educationist, Community Development Worker, Social Researcher

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More information and References

- [People's Guide to PACER-plus](#) (PANG, April 2017)

- [PACER-Plus trade deal without PNG and Fiji a bad idea](#) (AFTINET, April 2017)
- [Defending Pacific ways of life: A People's Social Impact Assessment of PACER-Plus](#) (PANG, 2016)