

From: Ian Bowie [ibowie@terrigan.net.au]
Sent: Tuesday, 20 April 1999 12:52 PM
To: trade.consult@dfat.gov.au; Committee, EFPA (REPS)
Subject: DFAT Consultations on the WTO

Mr Steve Moran
Trade Negotiations Division
Department of Foreign Affairs and Trade

Dear Mr Moran

I wish to record my grave concerns over the proposal to include negotiations on a Multilateral Agreement on Investment, as currently proposed, within the World Trade Organisation negotiations to be started in November of this year.

My primary reason for this is that the text of the proposed MAI, as it has been circulated on the Net and elsewhere, proposes nothing short of removing national control over many activities of trans national companies (TNCs). I have nothing against TNCs as such; indeed I have shareholdings in several. But I do have serious reservations about the way in which some TNCs blatantly flout the tax and environmental laws of supposedly independent jurisdictions even before the proposed MAI.

The evidence of that lies in both the well documented ways in which TNCs shuffle their accounts so as to pay tax in the (for them) lowest tax regimes and the equally well documented ways in which some TNCs have blighted both societies and their environments through pushing inappropriate and even dangerous products and through producing toxic wastes, particularly in third world countries.

I can see no overall benefits for any country including Australia in exempting TNCs from any of the laws of their jurisdictions and I suggest that any national Government which might be considering such exemptions is, quite simply, ignoring its primary obligation which is to look after the interests of all its people (the whole electorate; not a small clique of the wealthy and powerful).

I would make two further points:

- the federal Government is currently making much noise about its proposed fundamental tax reforms. Before the Australian Government contemplates any international agreement on investment it needs to be in a position to lock in Australia's share of the profits of TNCs operating here. This requires serious consideration not only of the operation of withholding tax but also of a financial transactions tax which can pick up even a tiny fraction of the money which moves daily in the international money market (often, one must imagine, for purely speculative reasons or capital gains which the investment funds seem to seek). It also requires a somewhat more realistic assessment than the Government is presenting the people of Australia about the effects of

levels of domestic taxation which may be slightly higher here than in some countries and is slightly lower than on most OECD countries

- any action by the Australian Government to involve itself in MAI negotiations at this stage must be considered premature because of - and even in contempt of - the current inquiry of the House of Representatives' Standing Committee on Economics, Finance and Public Administration on *the International Financial Market Effects on Government Policy*. Until that Committee has reported and the Government has formulated a coherent policy response, one cannot be confident that Australia can safely front up to discussions of a MAI.

Yours sincerely

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copy to: The Secretary
House of Representatives Standing Committee
on Economics, Finance and Public Administration