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**From:** GUMbus [SMTP:gumbus@powerup.com.au]  
**Sent:** Wednesday, September 13, 2000 3:52 PM  
**To:** jsct@aph.gov.au  
**Subject:** WTO Submission

The Secretary,

Joint Standing Committee on Treaties,

Parliament House,

Canberra, ACT, 2600

Submission re Australia's Relationship with the WTO

I would like to congratulate JSCOT on initiating this inquiry in response to community concern.

I will not address each of the terms of reference as such, because it is my belief that the WTO and the system of trade it promotes are fatally flawed and whilst reforms may improve the situation marginally, the whole thing should be dismantled and Australia should cease its membership of the WTO as early as possible.

My comments will come under the following headings:

1. Opportunities for community involvement in developing Australia's negotiating positions.
2. The WTO and Democracy
3. The WTO and Sustainability.

1)

Opportunities for community involvement in developing Australia's negotiating positions on matters with the WTO.

I submit that such opportunities are non-existent.

Prior to the Ministerial Meeting of the WTO in Seattle in November, 1999, the Department of Foreign Affairs and Trade began a process of consultation with the community on what Australia's stance should be at that Ministerial Meeting. Submissions were called for in May, the closing date for submissions being in June. Public hearings were then held in various centres around Australia. The hearing in Brisbane was held

in October. The short time frame alone indicates that these public consultations were mere window dressing, and that there was no possibility that any comments raised would have any effect whatsoever on Australia's negotiating position.

This impression was confirmed by the manner in which the Hearings were conducted. Not only was a large part of the available time taken up by the DFAT officer extolling the benefits of free trade, but there was no effort made to record the proceedings, minimal notes were taken of the points being raised, and indeed the officer seemed to see his role as 'refuter of the arguments raised,' rather than as 'recorder of the arguments raised.'

To my knowledge, there has been no other attempt by DFAT to consult with the community, though there have been a number of consultations with industry.

The impression of total disregard of community views gained by the manner in which the Hearings were conducted was reinforced when the Australian negotiating team refused to allow any NGO groups to participate in any of the official negotiating sessions in Seattle (even though they paid their own expenses to get there.) Despite the concerns raised during the hearings about the effect of trade on the environment, the ACF was refused permission to go. Despite the concerns raised about labour issues at the hearings, no trade unions were included. The Government and DFAT thus made it quite clear that only industry would be permitted to have any input into these matters, despite the fact that trade affects the lives of all of us and the future of this planet. Only the views of industry were taken into account.

I would like to add at this point that Australia is not alone in this attitude. The US Trade Negotiator and the EU Trade Negotiator make it quite clear that they are open to 'wish lists' from business, in particular, big business. There have been no similar requests for 'wish lists' from NGO's, from representatives for the environment or representatives from the labour unions, or from those whose concern is the developing countries.

Governments around the world seem to be united in prioritizing trade above all other considerations. In other words, they are in total agreement with the WTO, that all other matters should be subservient to trade.

In this context I would like to raise the issue of how much our political representatives know about the WTO, its rules and its effects worldwide.

- Recently a survey was done of Canadian politicians to discover how well informed they were about the NAFTA Agreement. It was discovered that not one politician had read the NAFTA document.
- During the JSCOT hearings into the notorious MAI, it was discovered that the negotiations were being carried out by DFAT with practically no reference to Parliament or our elected representatives.
- Moss Cass, a Minister in the Labour Government, says that at the time the GATT was being negotiated, he does not remember the issues being discussed in Cabinet, nor in Parliament.

It would seem that the Trade bureaucrats in DFAT are in charge and that the Parliament goes along with whatever they recommend. Since they are not our elected representatives, this is totally unacceptable.

I would suggest that JSCOT might profitably investigate the role of the Department of Foreign Affairs and Trade in the making of Australia's trade policy and the extent to which our Parliamentarians have any knowledge of, input to and influence over Australia's negotiating policy at the WTO and indeed our very membership of this organization.

I can say with certainty that there is a depth of ignorance amongst ordinary people which, while not surprising given the total lack of debate in the media, is nevertheless, quite frightening. I am involved with a small group called the Community Information Association. We hold regular stalls in the City Mall in Brisbane with a view to making information available to the general public on a range of issues, including trade and our membership of the WTO. When people who express interest in matters concerned with trade are told about such things as market access, most favoured nation treatment and national treatment (the basic tenets underpinning the WTO) and of the implications of such things as deregulation of the Service sector (which includes of course education, health and government procurement) they are uniformly outraged. Members of JSCOT will no doubt be aware of the cynicism and disillusion which exists in the Electorate today. I would suggest that you need look no further than the process of globalization as promoted by the WTO and successive Governments in this country to find the cause. Ordinary people can clearly see that globalization is not benefitting the majority

and given that both major parties espouse free market policies, choice has been taken away from them.

The standard response when free trade policies are questioned is 'A rules based system of trade is in the best interests of Australia.' So let us for a moment examine this assertion.

The first question which needs to be asked is 'who makes the rules?'

The World Economic Forum is generally accepted as having had a large input into the move to set up a world trading body. The WEF is an enormously influential body, consisting as it does of the CEO's of the largest, richest and most powerful corporations on the face of the planet. I venture to suggest that it may not have been the welfare of the world's people and the welfare of the planet which led these enormously powerful corporations to back this move (the setting up of the WTO), but rather the welfare of their own bottom lines.

Question : Which companies are most likely to benefit from a global system of trade?

Answer: Those companies which are able to organize globally. ie the multinationals

Question: Which companies are likely to benefit from the export-led development model espoused by the WTO?

Answer: those multinational companies which have saturated their traditional markets and need to expand into new markets to maintain their profits.

Question: Which companies will benefit most from the ground rules of the WTO (ie market access, national treatment and most favoured nation treatment)?

Answer: Those companies which have no customer loyalty because they are moving into new markets and those companies which have the capacity (in terms of ability to advertise, ability to price cut and the ability to saturate the market) to outcompete their competitors, and those companies which have the ability to buy up their local competitors. ie the multinationals

Question: Which companies have the ability to make best use of the deregulated financial market? Answer: Those globally organized companies which are able to shift their operations from one country to another to take advantage of cheaper labour costs and laxer environmental standards ie. the multinational companies.

Question: Which companies now control two thirds of world trade and one third of the world's productive resources? ( a share which continues to increase)

Answer: The multinationals (Source: The latest United Nations Committee on Trade and Development Report.)

No wonder the WEF is such a staunch supporter of the WTO!

No wonder ordinary Australians feel abandoned when they can see this happening, aided and abetted by successive Governments.

In responding further to the question of how these rules are made I will comment on the ' Agreement on Technical Barriers to trade' (TBT Agreement)

The purpose of the Agreement is to make the standards-setting processes adopted by members transparent and to make national standards uniform. It requires members to use international standards as the basis for their technical regulations and standards, unless the international standards would be inappropriate 'because of fundamental geographic or climatic factors or fundamental technical problems.' If a member adopts a standard' which may have a significant impact on trade of other members,' the Member must justify the standard to other Members upon request. In other words, any country which chooses to maintain a higher standard than that set by the Agreement must justify their higher standard. If a Member's standard conforms to the international standard, ' it shall be rebuttably presumed not to create an unnecessary barrier to trade.'

What this means is that the incentive for raising standards throughout the world is being actively discouraged by the WTO. No wonder the WTO is being accused of precipitating a 'race to the bottom'. There are numerous examples of WTO upholding challenges whose end result is the lowering of standards. In fact, it is well recognized (amongst informed members of civil society, if not amongst Parliamentarians) that in every

case where a National law designed to protect the environment, to save endangered species, to protect the welfare of the poor or to protect labour rights has been challenged, those laws have been ruled illegal by the WTO's Dispute Resolution Panel. Thus we have

1. The ongoing Chiquita Banana Case where the WTO has ruled the preferential treatment given by the EU to its former colonies in the Caribbean (extremely poor countries) on banana imports is illegal, the challenge having been taken to the WTO by the US at the behest of the Chiquita Banana Company (the biggest banana producer in the world). And strangely enough, the US produces no bananas at all. (Donations to political parties have been mentioned.)
2. The US is forced to amend its Clean Air Act and drop its standards so as to import dirty gasoline from Venezuela.(at the behest of the WTO.)
3. Australia is forced to change its Quarantine Laws and accept imports of fresh salmon, at the risk of introducing disease to our currently disease free environment. Our Quarantine Laws are clearly not an 'unfair barrier to trade.'
4. Canada's challenge against France's refusal to import asbestos (whose health risks to workers are indisputable) This is the first time the WTO has stopped to think about an issue in this category,(it has reserved its decision) and no doubt is due to the public outcry surrounding the case.
5. The undermining of the US's tuna labelling laws as a result of a challenge from Mexico.
6. The dropping of standards to protect endangered sea turtles as a result of the WTO's decision that the US's refusal to import shrimp from nets without Turtle Excluder Devices is an unfair barrier to trade. Where is the incentive to protect turtles (by introducing TED's) if there is a requirement to import all shrimp, no matter how it was produced? And no doubt the imported shrimp will have a market advantage because of the lower costs associated with not having to fit TED's.

The TBT Agreement also prohibits members from adopting or applying standards in ways that create unnecessary barriers to trade. Members must maintain regulations fulfilling legitimate objectives - defined as 'national security objectives, the prevention of deceptive practices, protection of human health or safety, animal or plant life or health, or

the environment in the least trade restrictive way possible, while taking into account the risks non- fulfillment of such regulations would create.' In assessing such risks the only factors Members may consider are ' available scientific and technical information, related processing technology or intended end-uses of products.' In many cases the scientific or technical information to assess risk is simply not available or is contradictory, and in such cases Governments have traditionally erred on the side of caution to protect human and animal health and the environment. This Precautionary Principle has been overturned by the WTO dispute resolution panel in the EU/US beef hormone case and the Australian salmon case.

TBT rules give almost absolute authority to international standards-setting organizations such as the Codex Alimentarius ( Codex) and the International Organization for Standardization (ISO). Although official representation at Codex is through Governments, it has been dominated by corporate interests to the exclusion of consumer interests. For example, one study (done by Public Citizen-Ralph Nader's Consumer Protection group in the US) found that 26% of all participants on Codex working committees represented corporate interests while less than 1% represented consumer interests.

The list of corporations with formal roles as members of country delegations at Codex included Nestle, Coca-cola, Bayer, Monsanto, Pfizer, Mars, Dupont, Shell, Tyson Foods, Hershey and Dole.

According to Public Citizen, many large trans-national agri-business and chemical corporations have more representatives on Codex delegations than do developing nations.

The ISO is a private sector body made up of industry representatives that, until a few years ago, developed technical standards for industry. However it recently began producing environmental standards under a programme called ISO 14000. The TBT Agreement designates ISO standards as

trade legal, but consumer groups and even government officials have been excluded from ISO's standards- developing.

According to a report by the European Environment Bureau, the ISO's standards drafting committee

is 'made up principally by executives from large international corporations, national standards- setting firms and consulting firms.' And 'the ISO has belatedly invited delegates from governments and citizens groups, but has used this invitation, and the limited participation that ensued, to claim an openness while ignoring their substantive input.'

Big business has now become so inextricably linked with WTO affairs, their influence is so great and so pervasive and their power is so enormous, that I do not believe it would be possible to reform the WTO sufficiently to curtail their influence. Even George Soros, who made his millions out of the deregulated financial market, has said that world financial markets will remain unstable and be a threat to freedom and democracy until they are refitted with regulations.

As long as the WTO promotes the removal of regulations to free up trade, and prioritizes trade above all other considerations, it will remain a threat to the health and wellbeing of the majority of the world's people and a threat to the sustainability of the planet.

And now having discussed the rules, and the setting thereof, I will now move on to the next part viz that 'Australia benefits'.(from a rules based system of trade.)

Please consider the following:

1. University of Queensland Emeritus Professor of Economics Ted Kolsen has said that the economy is now in considerably worse shape than it was in the 1960's and that this is compounded by the much larger gap between rich and poor. He says also that in 1966 long term unemployment had never been heard of and that today's deregulated market had put many farmers out of work.
2. Professor of History and Politics at Griffith University, Ross Fitzgerald, says that it is "fanciful beyond belief" to think that the current economic situation is better than in 1966. He comments that the actual rate of unemployment, a key economic indicator, is at least twice the official rate.
3. Economist, Fred Argy, of the Committee for the Economic Development of Australia, says that while in purely economic terms the economy may be in better shape now than in the 1960's, if other indicators, such as social, environmental and quality of life issues, are



used, there is not only a question mark, but that 'the level of inequality is almost obscene.'

4) Anglicare's State of the Family Report 1999 says almost 13% of all Australian children are living in poverty and that two million Australians are classified as poor. Anglicare Australia's Vice President, Mr. Peter Gardiner, expresses great concern that 800,000 Australian children are living in households where neither parent has an income.

5. Social researcher Hugh McKay says in his book 'Turning Point' that while the top 20% of Australian households have an average annual income of \$142,000, the bottom 20% were struggling on \$12,625.

6) Analysis by the IBIS Business Research Group (and the Australian Bureau of Statistics) suggests that the proportion of people in middle income groups fell from two thirds to one third between the 1960s and the 1990s (and is still falling).

It would seem from an examination of these figures that neo liberal policy and market forces are not delivering wealth and wellbeing to the majority of Australians.

On the international scene the situation is no better. Latest figures from the United Nations Committee on Trade and Development show that

1. The gap between incomes in the 7 richest countries and the 7 poorest countries is increasing dramatically
2. the gap between incomes of rich and poor within developing countries is widening (as it is in every country)
3. the number of least developed countries has increased from 15 to 48 since 1971.
4. Least developed countries with 13% of the world's population account for .6% of world imports and .4% of world exports, which represents a decrease of 40% since 1980.
5. The developing countries fared much better and were developing at a faster rate when their local industries were protected behind strong tariff walls and they were producing for the consumption of their own people and not for export.
6. As subsidies are taken away from the rural sector (an initiative taken in Australia but nowhere else in the world) farmers are forced off

their land in droves. In the opinion of Bob Katter, this once great farming country will be a net importer of food in 10 years.

There is, I believe abundant evidence now available to show that free market forces and WTO policies are not delivering wealth and prosperity to the majority of the world's people, and in particular to the people of this country.

I submit that the rules based system of trade practised by the WTO is not in the best interests of this country.

## 2. The WTO and Democracy

The WTO proudly states on its web site that "quite often governments use the WTO as a welcome external restraint on their policies: 'we can't do this because it would violate WTO agreements.'" In other words WTO rules can be used by governments to silence their pressure groups. Just imagine for a moment if the WTO had been set up two hundred years ago .We would still have slavery. Women would not have the vote. There would be no entitlements for workers- the conditions pertaining for workers in the factories of industrial Britain would be the norm. There would be no such thing as the Social Security Safety net- off to the workhouse for anyone not able to support themselves. There would be no laws to protect the environment or animal welfare.

All these changes came about as a result of the actions of various pressure groups. And that is what democracy is all about- or should be about. Those pressure groups which do not have wide community support are relegated to history. Those pressure groups which do have wide community support are successful in forcing change.

The WTO undermines democracy. Its rules drastically shrink the choices available to democratically controlled governments, with violations potentially punished with harsh penalties. The WTO actually touts this overriding of domestic decisions about how economies should be organized and corporations controlled. "Under WTO rules, once a commitment has been made to liberalize a sector of trade, it is difficult to reverse," the WTO says in a paper on the benefits of the organization which is published on its web site. ( Russell Mokhiber and Robert Weissman '10 Reasons to Dismantle the WTO.')

We have seen an example of this recently in Australia when the Prime Minister said that the labelling of genetically modified foods 'may not be in accord with WTO rules'. Since the vast majority of Australians want GM foods to be labelled, (up to 93% in some surveys), are we to ignore the wishes of the majority in order to comply with WTO rules?

Examples 1 to 6 on page 3 are all examples of WTO rules being used to undermine democracy.

Even the threat of retaliation under WTO rules is sufficient to cause legislation to be abandoned or watered down.

1. A labelling scheme for timber from sustainable sources was abandoned in Holland, because of the fear of retaliation under WTO rules.
2. A law to ban the testing of cosmetics on animals was abandoned in the EU for the same reason. This proposed law had enormous public support.
3. A law in the EU to ban the use of cruel leg traps to catch animals for the fur trade was watered down when the US and Canada threatened retaliation under WTO rules. This law also had enormous public support in the EU.
4. I understand that any proposed legislation here has to be vetted by trade officials to make sure it is WTO legal. I must say that I am a little surprised that our Parliamentarians are so meekly accepting this erosion of the power of the National Government and handing over their decision making powers to an secretive and unelected body such as the WTO.

Thus the wishes of the majority are ignored and democracy is undermined. National Governments are falling over each other to cede away their sovereignty. Is it any wonder that the people are protesting? (Seattle, Washington, Davos, Melbourne). We elect our Parliamentarians to represent us, not to do the bidding of the WTO.

## 2. The WTO and Sustainability

The WTO claims that it supports a sustainable system of trade.

Sustainability means managing the earth's resources responsibly, so that the earth's riches are available for future generations to use and enjoy.

I submit that the policies of the WTO are leading to the very opposite of sustainable development.

1) At a time when the majority of the world's people and the majority of the world's governments have accepted that Global Warming is a reality and that it is the greatest threat our planet will face this century, we are promoting a system of trade which will hugely increase greenhouse gas production.

Already we have seen an increase in world trade of 40% and since this is export led development, many of these goods have to be transported, with the consequent increase in greenhouse gas production.

Europe is planning to build an extra 30000km of roads to cope with the increase in trade, together with a number of new airports.

Food is travelling many more miles before it reaches our plates. We have the situation where DFAT claims a victory because we now import 14000 tonnes of pork from Canada (because of a challenge at the WTO) and export 16000 tonnes of pork! This is certainly is not a victory for the planet or for our sense of reason.

The system of trade being promoted by the WTO and the Australian Government is unsustainable because it will lead (is already leading) to a massive increase in greenhouse gas emissions. We must begin thinking 'local, not global.'

As part of my submission, I tender the article 'from Global to Local' published by the International Society for Ecology and Culture.'

2) Farmers in the developing world have been farming sustainably, using traditional farming methods, for thousands of years. Family farms are passed down through the generations and because the land is nurtured and cared for, it continues to produce. Compare that to the situation in this country, where after only 200 years of white settlement, we are facing huge problems- of salinity, of erosion, of loss of fertility (requiring ever greater inputs of fertilizers and pesticides), loss of bio diversity, pollution of the river systems, degradation of the river systems, which will lead to water shortages...the list goes on. We are not farming sustainably in this country and WTO policies will make things worse.

We are told that all will be well for Australian farmers if only the US and the EU and Japan (among others) would remove their farm subsidies. But it certainly would not be well for the European, American and Japanese farmers. They would go out of business and instead of food being produced locally, it would travel vast distances across the seas, massively increasing greenhouse gas production and removing food security from these countries (to a greater or a lesser degree). Is that really the best way to go?

And there are some pretty big competitors out there against whom Australian farmers would be competing (Brazil, Argentina and the US). And given the fact that most of these competitors have natural advantages that Australia lacks ( regular and predictable rainfall, fertile soils, less harsh climates), I believe that Australian farmers would not be the winners. Increased competition will drive prices at the farm gate down, and our farmers will be even less able to nurture the soil. Farms will of necessity get bigger, the few family farms remaining will become unviable and industrial farming for both crops and animals will become the norm (if it hasn't already done so).

Meanwhile IMF and World Bank Structural Adjustment policies drive thousands of traditional farmers from their land in the developing world and farms begin to produce for export rather than for local consumption. Thus not only do we have thousands of farmers losing their livelihoods, and moving to urban slums where they have no means to support themselves, but we have an over supply of commodities, which also drives prices down at the farm gate.

So who are the beneficiaries in this new age of industrial farming? Why, big business, of course. Big business now has almost complete control of agricultural production and distribution, and to suggest that they will pay a good price to the farmer once they have complete control is as foolish as suggesting that consumers would be better off if the dairy industry in Australia were deregulated.

I will conclude this submission by quoting David Korten: 'Economic globalization is neither in the human interest, nor inevitable.....There is an alternative- to localize economies, disperse economic power and bring democracy closer to the people.' (David Korten. 'When Corporations Rule the World.')

Please find as attachments 1) 10 Reasons to dismantle the WTO by  
Russel Mokhiber and Robert Weissman

2) From Local to Global by the  
International Society for Ecology and Culture

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