

# *Australia's relationship with the World Trade Organisation*

**A submission to the Joint Standing Committee on Treaties  
Parliament of Australia**

**by**

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**on behalf of the Green Party of Aotearoa New Zealand**

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## **Executive Summary**

- \* The Green Party of Aotearoa New Zealand endorses the submission made by the Australia Fair Trade and Investment Network (AFTINET).
- \* The Green Party believes that environmental sustainability, social equity human rights and national sovereignty are more important than global free trade.
- \* The Green Party therefore supports making the WTO subject to national and international democratic scrutiny, and believes that international environmental, labour and human rights conventions should and must have precedence over international trade agreements.
- \* The Green Party believes that using WTO rules and standards to govern the trading relationship between New Zealand and Australia will damage a healthy and co-operative neighbourly relationship, will undermine each other's sovereignty, and will be socially and environmentally damaging to both countries.

## **1. Free Trade, Australia and New Zealand**

1.1 Australia and New Zealand formed the world's second twentieth-century free trade bloc (ANZCERTA, commonly known as CER) in 1983. The Green Party is highly critical of most of the results of CER. On balance it has been economically detrimental to New Zealand, it has caused social dislocation and difficulties in both countries, and it has had negative environmental effects as a result of greatly increasing unnecessary trans-Tasman trade in food products. The Party has made a submission to the New Zealand Foreign Affairs, Defence and Trade select committee inquiry into CER (currently being conducted) with evidence to support these conclusions.

1.2 However, while we are critical of CER outcomes, in terms of process CER has until now been the most democratic and accountable of all free trade blocs. Decisions have been made by elected representatives and public servants, who have generally consulted with those immediately effected by specific decisions. There has been a minimum of bureaucracy and a maximum of goodwill, which is probably due to CER being an agreement between friendly neighbours who have much in common, and who trust each other.

1.3 Nevertheless, as a process CER seems to have reached the end of the line. The New Zealand select committee inquiry into CER is considering such matters as currency union and joint citizenship. If this happens then a trans-Tasman parliament and governmental bureaucracy, equivalent to the EU, could well follow. The Green Party does not believe that New Zealanders and Australians want this to happen, and they will especially resist it happening as a result of trade agreements rather than democratic consultation and deliberation.

1.4 Now is the time to decide just how far free trade between Australia and New Zealand should go. The Green Party sees that there are three options currently on the table. The first (which we support) is to go no further, and to start to correct and redress anomalies that are already distorting trade between the two countries, such as Australian control of the Australia New Zealand Food Authority, and the heavy government subsidies available to industry in Australia. The second is to take CER further by providing joint representative decision-making and governing structures, similar to the EU. The third, and in our view the worst option, is to subject both countries to the WTO decision-making regime.

1.5 Until 1996 this was not an option, and until 1999 Australia and New Zealand were co-operating to contest breaches of WTO rules, such as the American lamb tariff. But in the week of making this submission we hear that New Zealand is considering taking Australia to the WTO over its slowness to lift a ban on apple imports from New Zealand. This typifies the problems and dangers inherent in trying to impose a 'one size fits all' set of trade rules on the whole world. We believe that Australia and New Zealand should be resisting the WTO, not supporting it, for all the reasons given in the AFTINET submission, and also for those outlined below.

## **2. Free trade, Australia, New Zealand and the WTO**

2.1 The WTO is a non-elected, unrepresentative, unaccountable global bureaucracy. It was set up without a mandate or charter either from the one international democratic organisation, the United Nations, or with individual democratic mandates from the separate nations that have signed on to it. It is not accountable to the UN, nor does it consider itself bound by UN and other international conventions on human rights, labour and the environment. Its decision-making committees are largely composed of and heavily weighted towards the interests of the rich trading nations (the G8 and friends) and the transnational corporations originating in those countries. Poorer countries are either unable to send representatives to WTO headquarters or conferences, or are even deliberately excluded from WTO decision-making. Conventional economic modelling of the gains and losses from global trade liberalisation shows that some of the already poor countries e.g. most of those in sub-Saharan Africa, and some in Asia and Latin America, will be economically worse off with global free trade. Australia and New Zealand will make only a very small economic gain (Dunkley, 2000, p. 137).

2.2 These strictly financial calculations do not count the costs of the social dislocation and environmental degradation that accompanies trade liberalisation. Increasing world trade in goods increases greenhouse gas emissions and hence contributes to climate change, regardless of what is traded. When what is traded is food products (and 65% of global trade in goods is in food) that could have been more easily and sustainably produced at home, the environment is placed under further stress. The benefits of such trade do not 'trickle down' to the majority of the citizenry. They accrue mainly to the oil, transport and agribusiness transnational corporations that are the real winners from trade liberalisation.

2.3 With ordinary citizens carrying most of the costs and gaining few of the benefits of free trade, why would Australia and New Zealand want to keep supporting the WTO? The WTO is a bigger threat to national sovereignty and self-determination in this part of the world than the former Soviet Union ever was. The WTO has the power – if we let it – to force us to do something that the Communist bloc never could. That is, to trade in products we do not wish to trade in, under conditions that are not of our making and with consequences that we do not desire.

2.4 The issue of trans-Tasman trade in apples is a good illustration of this. If an individual New Zealander threw apples that were neither wanted nor needed over the fence into an Australian's orchard, he or she could be charged in the courts of either country. Nor can an apple-grower within Australia or New Zealand force a local retailer to take his or her product and sell it. Yet when New Zealand as a country wants to throw apples across the Tasman into Australia, it is seriously proposed that Australia does not have the right to say no, and must put the apples on sale. It is also accepted that Australia can be forced to take those apples because those are the rules set by an unaccountable global bureaucracy that is not interested in arguments about environmental protection and the sustainability of Australian primary production.

2.5 The Green Party believes this is dangerous nonsense, and shows just how far down the wrong road the rush to free trade has gone. Democratic national self-determination, including control over environmental quality, social welfare, and standards of living, is a hard-fought-for right in Australia and New Zealand. It should not be ceded to the WTO or any other unrepresentative, non-democratic, globalist structure. The recent rash of pest invasions in New Zealand, which have had dire environmental and economic consequences, highlight the risks of unfettered free trade and underscore the need to control trade to protect both the environment and the economy.

2.6 In advocating and defending Australia's right to say No to the WTO, the Green Party of Aotearoa New Zealand also advocates and defends New Zealand's right to do the same. We would prefer to see our two countries co-operating to develop just, peaceful and environmentally sustainable ways of working together to ensure economic prosperity in our unique and special corner of the world.

## **Reference**

Dunkley, Graham (2000) *The Free Trade Adventure. The WTO, the Uruguay Round and Globalism – A Critique*. London: Zed Books