

Submission No:¹⁵.....

66 Karingi Street,
Ettalong Beach 2257
6 April, 2004.

The Secretary,
Joint Standing Committee on Treaties,
R1-109,
Parliament House,
Canberra ACT 2600.

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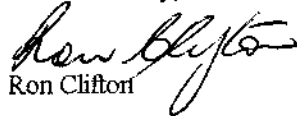
BY:.....

Dear Sir/Madam,

AUSTRALIA-US FREE TRADE AGREEMENT (USFTA) - Submission

Enclosed is my submission on the USFTA for consideration by the Joint Standing Committee on Treaties.

Yours sincerely,


Ron Clifford

SUBMISSION TO THE JOINT STANDING COMMITTEE ON TREATIES Australia-US Free Trade Agreement (USFTA)

INTRODUCTION

The worst fears and concerns voiced across the Australian community in the lead up to the final negotiations on the USFTA have materialised in the form of the released final document. Despite Australian Government assurances in the negotiating period that our interests would be protected we have been let down badly.

The ability of Australian Governments to legislate and regulate in matters of trade between the two countries would be severely restricted with the US having the upper hand across the board. This nation's sovereignty to uphold economic, social and cultural standards in the interests of its citizens would be subverted if this agreement went into practice.

The Australian Parliament must reject the agreement outright.

ECONOMIC BENEFITS?

There is justified doubt about economic benefit accruing to Australia under the agreement. A consultant study for the government before negotiations predicted 0.3% benefit after ten years. That gain was based on assumptions far more generous than Australian negotiators achieved. On the surface it would appear that an economic loss is now the likely result.

Access to US agricultural markets is restricted and below expectation. Sugar is completely excluded.

There is a possibility that trade with the US might increase marginally at the expense of lessening trade with other of our trading partners. Surely that is not something we should aim for!

AUSTRALIA'S PBS THREATENED

There has been in the lead-up to the agreement and since its public release much publicity here and in the USA about drug companies' desire to obtain higher prices for their products sold for distribution in Australia through our Pharmaceutical Benefit System. The USFTA has provisions which allow drug companies to influence Australia's PBS listing decisions. Also there are provisions for drug companies to appeal against non-listing decisions and to apply for price adjustments of listed drugs. The federal government says that these provisions will not mean higher prices to patients. But in the light of US Trade Negotiator Robert Zoellick's reported statement to the US Senate that under the USFTA Australia's drug prices will rise it seems that Australian Taxpayers will foot the increase.

The USFTA establishes a US-Australia Medicines Working Group the working principles of which include 'the need to recognise the value of innovative pharmaceutical products through strict intellectual property rights protection'. Not included in the principles is Australia's public health goal of affordable access to medicines for all. Thus the US government will be able to influence future Australian policy through challenge on trade grounds.

The USFTA changes patent laws. Extending patent periods will empower drug companies to through legal objection delay the production of generic drugs which are critical in the PBS price control system.

FIRB DISEMPOWERED

The USA is given the nod to take over our big businesses. With few exceptions the FIRB will have no power to review US take-over grabs of Australian businesses up to \$800million. The door is opened to challenge Australian environment laws and to sue governments where the US claims that there is a change in circumstances. This poses the risk that we must just lay back and accept rape of our environment to the extent that has happened and is happening in the USA. The US has no respect for agreements such as the Kyoto protocol! Our future governments will be powerless to change this.

POWER TO REGULATE INVESTMENTS AND SERVICES RESTRICTION

The agreement diminishes our democratic capacity to make and effect policies and laws on investment and services. The '**standstill**' and '**carve out**' reservations respectively restrict our abilities to increase regulation, and limit the services areas in which it might be possible so to do.

In this most important and sensitive domain the USFTA overrules Australian sovereignty!

DIMINISHED POWER TO REGULATE SERVICES ESSENTIAL TO AUSTRALIA'S WELLBEING

The agreement is said not to apply to public services which are defined as those not supplied" on a commercial basis nor in competition with one or more service providers". Many of our public services, e.g., health, education, water, gas & electricity and postal services would be caught up by that definition. Unless listed as reservations they are covered by the agreement. Water, Energy, and Public Broadcasting are examples of essential services not listed as reservations.

Here again the reservation lists are subject to the iniquitous '**standstill**' and '**carve out**' qualifications.

With looming world wide fresh water supply famine this places Australia - the driest continent - at the mercy of US masters. An invidious situation indeed!

In absolute disregard of our Parliamentary and democratic processes the government, to the acclaim of US interests, has buckled under and undertaken to privatise Telstra. This is a matter of Australian public policy which has no place in the agreement.

AUSTRALIAN CONTENT IN MEDIA - OUR RULES RESTRICTED

The USFTA prescribes the Australian content level to be achieved in various forms of radio and television services. It is most inappropriate that in this way the US is to direct Australian cultural expression. Future Australian governments must be free to protect our cultural content in this nation's media outlets. The local industry is rightly enraged that their future output and career prospects are to be subverted by foreign dictate.

Our public broadcasters, SBS and ABC, respectively carry advertising and product marketing, they might be challenged as being inconsistent with USFTA trade rules.

QUARANTINE, FOOD LABELLING, AND ENVIRONMENTAL REGULATION

Committees established by the agreement are to make quarantine policy, and establish processes and regulations. The emphasis in their objectives is facilitation of trade through dialogue. Protection for Australia's crops, livestock and environment must be achieved by scientific means rather than ad hoc trade rules to facilitate US access to our markets.

The US has no Genetic Engineering food labelling and its challenges to EU labelling laws probably foreshadow future interference under the USFTA with our labelling laws.

The USFTA gives the US an unwelcome formal role in Australian policy formulation in these important and sensitive matters.

EFFECTS OF TARIFF CUTS AND CHANGE TO GOVERNMENT PURCHASING RULES

Tariff reductions motor, textile, clothing and footwear will result in reduced employment in these industries.

Similarly the banning of government schemes encouraging the employment of local workers will further exacerbate Australia's employment problems.

UNDEMOCRATIC DISPUTE PROCESSES

The USFTA dispute process involves referral to a joint committee composed of government officials. Unresolved disputes are settled by a panel of trade experts which is empowered to judge without reference to the Australian public that the agreement will prevail over social considerations. Those most affected by the outcome will not have a voice in the process. Thus, the right of governments to regulate in the public interest is abrogated. For example it is clear that this restriction will be used against our public interest in regard to the pricing of medicines and regulation of essential services.

CONCLUSION

The benefit which might accrue to the Australian economy from the USFTA is doubtful.

The potential cost to our democratic system is calamitous.

Indications are that unemployment will be exacerbated.

The agreement establishes processes for US domination of trade with our country and for it to dictate policy in areas which are germane to our way of life and culture.

Potential dilution of our quarantine rules could spell disaster for our agricultural industry.

Australia's right and ability to democratically legislate and regulate in the public interest without foreign interference must be maintained.

Therefore implementation of the USFTA should be rejected by the Australian Parliament.

Ron Clifton
6 April, 2004.