

## SUBMISSION TO JOINT STANDING COMMITTEE ON TREATIES

by the Canberra branch of Australians for an Ecologically Sustainable Population (AESP)

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

AESP is an organisation primarily concerned with the social and environmental implications of population growth. The Canberra branch at its meeting on 14 September 2000 resolved to make a submission to you on Australia's relationship with the World Trade Organisation because trade has significant social and environmental impacts. We are concerned that still exploding populations in many countries may lead to poorer industrial conditions and environmental standards in such countries. We therefore support the concept of 'Fair Trade' and duly include excerpts from a recent paper produced by the Australia Institute in Canberra that we recommend to you:

#### *Making the Trade System Fairer*

*'Fair trade' has become a general catchcry covering a number of disparate issues and demands. While the case for free trade has been put consistently to the public over the years, the case for 'fair trade' is not widely understood...*

*There is no doubt that trade between nations can generate substantial economic benefits. But trade takes place within a set of rules and institutions that have been developed since 1945 by agreement between the governments of the world...*

*Although its supporters claim that free trade represents the ideal and that proposals for 'fair trade' are a deviation from the ideal, the trade system is not neutral. The rules and institutions that govern trade can be designed to protect human rights and the environment, or to ignore them. The existing trade rules already reflect certain human rights. For example, it is legal under the trade rules for a country to discriminate against imports produced using prison labour, even though prisons may be able to produce goods more cheaply for the benefit of consumers. However, it is true to say that the existing system is strongly biased in favour of free trade so that economic considerations are almost always given precedence...*

*Advocates of fair trade argue that free trade encourages (or at least ignores) violations of human rights, exploitative labour conditions and environmentally destructive activities. Producers in countries that permit sweat shops, suppression of trade unions, child labour and dangerous and polluting production processes can often undercut competitors that must abide by better standards. 'Fair trade' policies would involve changes to the international trade rules to allow countries to discriminate against products made by firms that exploit workers or despoil the environment. This does not mean that all countries must meet the highest standards. But action should be allowed against imports from countries where internationally agreed standards are not enforced. The international trade rules already permit nations to ban imports of products that fail to meet certain standards - for example, products that contravene safety rules or quarantine standards, or cars that are not*

*fitted with catalytic converters. Similarly, countries can take measures against imports produced by slave labour.*

*However, with these few exceptions, the GATT rules prevent countries from discriminating against imports of 'like products' so that goods produced using environmentally damaging process (such as indiscriminate logging or fish caught by dynamiting coral reefs) cannot be banned.*

*It would be a relatively simple matter to amend the trade rules to allow nations to restrict imports from countries that do not meet basic environmental standards. It would also be feasible to change the trade rules to permit 'countervailing measures' against countries that gain a cost advantage from exploitative labour practices or violation of human rights. Nike's use of sweatshops in Indonesia is a good example. In these cases, the International Labor Office defines minimum acceptable standards, but for the most part they are not reflected in the trade rules.*

*These basic labour rights should be extended to include basic labour conditions, so that workers the world over can expect minimum standards for pay, working hours, and protection of their health and safety. By preventing firms from benefiting from poor practices, changing the trade rules to allow bans on imports that do not meet core standards would make international trade a mechanism for a general improvement in world labour and environmental standards. By contrast, the existing system puts pressure on governments to reduce their standards in order for domestic firms to remain 'competitive'. This gives rise to a phenomenon known as 'eco-dumping'. Rather than representing a return to the 'bad old days' of protectionism, fair trade can be a modern way of promoting sustainability and human rights.*

We, the Canberra branch of AESP, thus call on the Joint standing Committee on Treaties to recommend to the Australian Government that they call on the WTO to adopt the principles of Fair Trade.

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