

Submission to the Joint Standing Committee on Treaties on Australia's relationship with the World Trade Organisation

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Australia's relationship with the WTO:

Introduction

My interest in Australia's relationship with the WTO stems from my interest in issues of environmental and social justice. I have been actively involved in campaigning on these and other issues for a number of years. I took part in the demonstrations at last year's WTO ministerial meetings and was present at the Australian delegation's meeting on the 29th November; the curfew imposed by the Seattle police prevented my attendance for the rest of the week. I am glad that I was permitted to attend the first meeting; other countries' delegations were not so transparent about their activities. I am equally pleased to have this opportunity to contribute to this committee's consultation over this issue.

Rather than describing particular policies, I focus on ways in which the process of policy formulation should be improved. I also comment specifically on the terms of the debate between 'free trade' and 'fair trade' advocates. Finally I give some reasons why it is in the interest of Australians to promote a fair world trading system in its relationship with the WTO.

Policy formulation

The position of national governments around the world, including Australia, has been based on the premise that globalisation as we know it is a *fait accompli*, that there is no alternative, and that therefore the best we can do is to adapt ourselves to it. This approach both denies the political dimensions of trade liberalisation and stifles attempts to promote a more just trading order.

Trade liberalisation represents a choice to promote the immediate growth of total global income rather than that of the most disadvantaged individuals and communities, or longer-term considerations such as the protection of the world environment and the eventual attainment of a sustainable world economy. It has meant accepting existing power inequalities such as those between rich and poor nations and between corporations and citizens as justified and/or inevitable. As a wealthy nation well-endowed with natural resources and human capital, Australia is in a position to challenge these assumptions at the same time as promoting the interest of Australians within the international trading order.

With regard to consultation within the Australian community, consideration should be given to the fact that while industry lobbyists are paid professionals, the contribution of NGO activists and ordinary citizens such as myself is unpaid and made during time we make available at the expense of other activities. My own experience with the Australian government's negotiating team in Seattle last November was that industry representatives vastly outnumbered non-industry lobbyists, and that the role of the latter was restricted to that of observers. Such arrangements can hardly be described as democratic.

In order to democratise the process of policy-formulation, the Australian government should promote and take into account public understanding and debate, not merely of the decisions it has taken, but of debates surrounding those issues. Economic policy in particular is one that the average citizen feels quite powerless to influence. Public cynicism and resentment over decisions made by the government without our knowledge or consent are growing. An informed debate over such an important issue as trade policy is essential to the democratic process.

Another point concerning the formulation of Australia's trade policy is that it may conflict with our aid programme, in particular the latter's explicit goal of poverty reduction. Better outcomes could be achieved by more effective allocation of our resources if trade and aid policies were coordinated without subordinating one to the other.

'Free Trade' versus 'Fair Trade'

Debate over this issue has been laden with misconceptions about both terms. Firstly, while 'free trade' connotes freedom from regulation and interference, some of the 'free trade' agenda is exactly the opposite of this. Most notable, regulations protecting intellectual property rights specifically forbid the free trade of protected items, in some case at the cost of peoples' health and lives (for example medicines protected by the TRIPS agreement from parallel importation or compulsory licensing) or where the 'owners' of the patent do not have a justifiable claim to ownership (patenting of genes of traditional crops and 'bio-piracy' of medicinal plants, knowledge of which had previously been held collectively). These policies reflect the principle that companies which have invested heavily in the development of products are entitled to a return on their investment - in other words they are justified by notions of what is 'fair' rather than free trade.

On the other side of the debate, the notion of 'fair trade' has been labelled by its opponents as disguised protectionism. This misses several crucial distinctions between the two. Protectionism aims to assist domestic industry by protecting it from foreign competition using tariffs and/or quotas. The imposition of such tariffs constitutes a discriminatory tax on foreign producers and domestic consumers; it therefore is better considered as part of fiscal policy than trade policy.

Fair trade aims to promote a more just world trading order by linking trade policy to environmental and social considerations. It may involve the selective use of tariffs to compensate for externalities in the cost of production, notably environmental and social costs. However, in order to realise the goals of fair trade, any monies thereby raised should be used to promote those goals. Ways in which this may be achieved include the funding of local NGOs such as trade unions and environmental defence organisations working for the improvement of social or environmental conditions in the regions of provenance of the imported products or services. The critical distinction is that fair trade policy should be directed not at the raising of revenue, the protection of uncompetitive domestic industry or retaliation against countries which do not respect basic social and environmental standards but specifically at the improvement of those standards.

Other policies which may be used to promote fair trade are our voice and vote at international institutions including the WTO, and tax benefits for Australian companies that promote fair trade goals such as environmentally- and socially-friendly production methods both in Australia and in other countries.

The debate is therefore not about ‘free’ versus ‘fair’ trade but about whether the notion of what is ‘fair’ should reflect an acceptance of the *status quo* and the many injustices contained therein or whether it should form part of a larger policy goal of a world in which every person has access to basic rights, including access to a minimum level of material wealth. In this respect fair trade policy should be coordinated with aid policy. If the debate is presented in this way then there can be no doubt that trade must be fair and the debate should shift to what really is fair and how Australia can contribute to a fair trading order.

Australia's Interest in Fair Trade

Some of the most important issues facing Australian policy-makers at the current time can be related to the world economic order. For instance illegal immigration and the production and trafficking of illegal drugs are fostered by the large and growing disparities between the opportunities available to people in different parts of the world. Political instability and racism in Australia and our region are also related to the growing uncertainty and desperation of people. It is in Australia's interest to aim for a world in which everyone has access to a basic level of well-being, including economic rights as well as their internationally recognised human rights.