

Joint Standing Committee on Treaties

*Inquiry into the Free Trade Agreement between
Australia and United States of America*

Submission from

CATHOLICS IN COALITION FOR JUSTICE AND PEACE
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1. WHO IS CCJP?

Catholics in Coalition for Justice and Peace (CCJP) is a coalition of individuals and groups, working for the emergence of just social structures in Australia and overseas. Its wide membership works at supporting marginalized people in Australian society and beyond.

CCJP has been discussing issues regarding the Australian Government's international trade negotiations for some time. Seminars have been held, and educational material produced for members. The Committee, supported by the wider membership, felt it was appropriate to present this submission, given the philosophy of our organization.

2. WHY ARE WE PRESENTING THIS SUBMISSION?

We are sending this submission on the Australia United States Free Trade Agreement because we have a number of concerns:

- ❖ the impact of this Agreement on the community at large, especially those who are currently disadvantaged socially and economically;
- ❖ the one-sided and overly optimistic presentation of the proposal by the Government;
- ❖ the disregarding of Australia's previous commitment to multi-lateral agreements. Australia was the instigator of the "Cairns Group" of countries. We now seem to have turned our backs on the other members;
- ❖ Australia's trade with the USA accounts for 15% of our total trade. The countries of Asia have 50% of our trade and may react against this Agreement which excludes them from similar benefits;
- ❖ the originally claimed benefits (\$4 billion at the end of ten years) which were based on one set of optimistic predictions, have been challenged by many economists and are now being "reworked" based on the actual terms of the Agreement;
- ❖ even these optimistic figures showed only a 0.3% gain in agricultural exports over 10 years;
- ❖ the US are expecting to improve their trade dealings by US\$2 billion per year, about 10%, as a result of the Agreement;
- ❖ the United States economy is over twenty-five times the size of Australia's and this puts us at a strong disadvantage in any ongoing negotiations;
- ❖ the process for resolving conflicts or disagreements is based on "trade" questions only.

- ❖ This means that there is no on consideration given to social, cultural, environmental or any other effects.

A major overriding concern is the potential loss of a significant part of our national sovereignty, which would effectively be subsumed into US Trade and Industry Policy.

We are also concerned that this proposal is a back-door method of achieving the aims of the discredited Multilateral Agreement on Investment (MAI). The MAI was only removed from the agenda after public debate exposed the limitations which would have been imposed on Governments' ability to control their own destinies and economies. Many of these same provisions have resurfaced in this Agreement.

We have voiced many of these concerns in our previous submission to the Inquiry held by the Senate Foreign Affairs, Defence and Trade Reference Committee.

3. THE AGREEMENT

Below are some more detailed comments on the Agreement.

1. The Agreement is unfairly weighted against Australia's interests:
 - 1.1 Sugar has been excluded (despite promises that all agricultural sectors would be protected).
 - 1.2 Beef and dairy products improvements are phased in over eighteen years.
 - 1.3 Improved access by USA to Australian markets for manufactured goods takes effect, in many cases, immediately the Agreement comes into force.
 - 1.4 Surely the benefits to US businesses should occur in the same time frame as the benefits to Australian businesses.
2. The Agreement weakens the democratic rights of Australian citizens.
 - 2.1 Decisions on environmental, social, health, quarantine and food labeling will be made by Review Committees. These are to be composed of "trade law experts" whose decisions cannot be appealed. Hearings of these Review Committees may be held in-camera. This is a clear restriction of the democratic right of Australians to make decisions on contentious matters after public debate, and of the right of voters to express their opinions at the polls.

- 2.2 Australia must give United States representatives the same rights as Australians to participate in the development of Australian standards and technical regulations. This means that USA has a formal role in the development of our policies. This is both a loss of sovereignty, at national, state and local levels, and a major conflict of interest for any US representatives involved. No such reciprocal rights have been given for Australians to participate in the development of US standards and technical regulations.
- 2.3 Despite the recommendations from the Australian Intellectual Property and Copyright Committee that no changes be made to our Copyright Laws without a public enquiry, USFTA makes changes without any public debate.
- 2.4 it is essential that the Australian Government continues to regulate GM crops and enforces strict labeling to indicate the GM content of food. The USA does not have such provisions and if pressure from US agribusinesses forces their removal in Australia, consumers would no longer be able to exercise their democratic right to choose Gm food or not.

3. There is a heavy bias on economic results as the basis for decisions:

- 3.1 Decisions on environmental matters will be based on “market based” mechanisms. Any environmental laws must not be a “disguised restriction on trade”. Any lowering of quarantine laws will result in a high degree of risk to the Australian rural economy. The USA should be encouraged to raise its standards to Australia’s high levels.
- 3.2 Allowing USA to have equal rights in the development of Australian standards and technical regulations will ensure the trade needs of USA feature high on the agenda. We assume reciprocal rights have been accorded to Australian representation on equivalent US bodies.
- 3.3 The Agreement puts at risk the PBS, which is presently “world’s best practice” as recognized by many other nations. This can only result in increased costs for both consumers of pharmaceutical goods and services, and the taxpayer, who, after all, are the same people.
- 3.4 The Pharmaceutical Benefits Advisory Committee’s decisions must be referred to, and can be over-ridden by, an independent review if USA drug companies seek it. This will delay and obfuscate the decisions of this Committee. Further, the fact that Australian people have, for many years, strongly supported the need for, and the effectiveness of, the PBS as part of our health program will not be a consideration.

4. Australia will lose the ability to set its own rules on many issues.

4.1 The Foreign Investment Review Board can only review investments in existing businesses if they are valued at over \$800 million. There are some exclusions (Qantas, Telstra, the media) but any limits now in existence in these areas cannot be increased. The \$800m figure means 90% of Australia's companies can be taken over without any review by Australian authorities. We are setting ourselves up to be "taken over", which may be fine for the businessmen involved, but not for the community in general, who will lose the jobs, suffer the reduced services, the loss of choice.

4.2 This is another sovereignty issue, which is further exacerbated by the limits being based on the relative sizes of businesses within the US economy, not within the Australian one. (The US population is about 13 times larger than ours, so the size of a significant business should be scaled down similarly).

4.3 As mentioned above, The Pharmaceutical Benefits Scheme will be weakened.

4.4 Copyright changes in the Agreement will have adverse impacts on libraries and educational/research institutions. This is an uneven approach as Australia accepts an extension of copyright on works of twenty years (from 50 to 70 years after the death of the author - the USA figure), but does not include the USA's more generous rules relating to research and educational bodies.

5. Australia's Cultural Heritage not protected

THE AUSTRALIAN VOICE MUST BE PRESERVED – Another Sovereignty and Identity issue.

5.1 It is common knowledge that new media and forms of communication are constantly being developed and will continue to arise. Many current media avenues will be replaced. The local content rules which apply to current media will not apply to any new formats which may be developed.

5.2 There is no clear definition of what constitutes "public broadcasting". It could be that ABC and SBS are made subject to the same restrictions to which commercial broadcasters will be exposed. These guidelines assume the US model of the media industry, not ours.

5.3 Australia is already heavily influenced by United States film and television. Without some guaranteed level of Australian content we will lose that which is uniquely our own way of looking at life.

6. There will be less opportunity for Australian Governments to regulate essential public services.

6.1 “Public Services” are defined as those not supplied on a commercial basis, nor in competition with other service suppliers. This loose definition means that full market access must be given to US companies for health, education, water supply, energy and postal services. The definitions, yet again, are derived from the US experience, not ours.

6.2 Australia must treat US companies as if they are Australian companies, and Governments cannot give any preferences to local companies when purchasing goods and services. The US will not grant the same rights to Australian companies.

6.3 It seems that this will apply even to our Blood Supply, putting our community health at significant risk, and one of our leading, strategically important, companies under threat.

This agreement has so many flaws that it must be rejected.