

**SENATE FOREIGN AFFAIRS, DEFENCE AND TRADE  
REFERENCES COMMITTEE**

**INQUIRY INTO GENERAL AGREEMENT ON TRADE IN  
SERVICES AND AUSTRALIA/US FREE TRADE AGREEMENT**

**SUBMISSION**

**Submission No:** 102

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**No. of Pages:** 4

**Attachments:** No

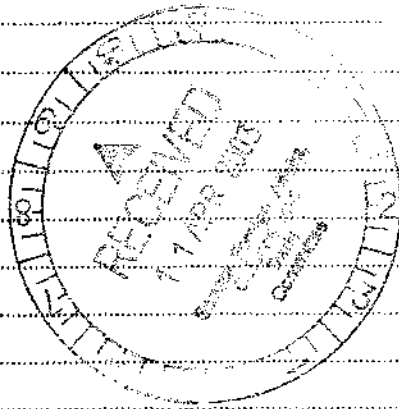
Po Box 6042

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10<sup>th</sup> April 2003

The Secretary  
Senate Foreign Affairs,  
Defence and Trade References  
Committee  
Suite S1.57  
Parliament House  
Canberra ACT 2600



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Dear Sir/Madam re GATS and USFTA

I wish to comment as follows in relation to the Terms of Reference for the Senate Inquiry on the above trade agreements:

(a) I believe that the General Agreement on Trade in Services (GATS) is having an adverse impact on Australia and Australians economically, socially, culturally and environmentally.

(i) economic impact

The effect of the GATS has been to prevent or discourage national governments from giving any preferential treatment to local firms for the development of local projects or employment. Thus, for example, if the SA Government wished to encourage the development of water conservation principles by local hydrotechnology firms, it would be unable to do so if there happened to be a foreign corporation wishing to become involved in the provision of such services.

(ii) social impact

The above example also illustrates the potential social effects of further trade liberalisation. Already in SA we are noticing the effects of the lack of employment in our state caused by the movement of businesses to the eastern states and the increasing numbers of take-overs of small state-owned businesses by larger corporations.

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The result is an unacceptably high unemployment rate with all the disastrous social consequences that brings. I trust that members of the Senate Committee will be only too well aware of those consequences. If not, I would refer them to the publications of organisations such as the SA Council of Social Services (SAOSS)

(iii) cultural impact

The gradual effect of trade liberalisation measures in today's world of instant communication and very fast travel and transport is the cultural homogenisation of the world's population. The effect of television, for example, has been gradually to erode the unique features of Australian English so that younger people today speak more like Americans than has ever been the case. Increasing discouragement to local businesses and industries will mean an increasing influence of foreign corporations and businesses on many aspects of life. As the bigger foreign corporations are often North American, there is an increasing tendency for our language, arts and cultural values to become Americanised. This tendency needs to be stopped not encouraged.

(iv) environmental impact

There are already examples of corporations using the trade agreement dispute processes to challenge government environmental legislation as causing harm to their investments. One can easily imagine locally necessary environmental safeguards which would be seen to contravene a more liberal agreement on trade in services.

(b)

Australia's goals and strategies for the negotiations should be aimed at maximising local influence and control over local services. This is so not just because of the needs of Australia and its people - it is a principle that should apply to all countries. Removing local control means a reduction in the amount of control that democratic governments have

3.

over issues that they have been elected to exert control. In other words the effect of trade liberalisation agreements is to hand over power to corporations which are run for the benefit of shareholders at the expense of governments who are, at least in theory, elected to govern in the interests of their people.

1. (a)

(i) Public health services should be controlled by local authorities or national governments not by foreign corporations. The Australian public health system is a relatively good one when compared with the gross inequalities perpetuated in the USA health system which simply does not cater for large numbers of poorer citizens. I do not wish to see Australia's health system move in that direction. If foreign corporations can obtain access to government funding pursuant to a trade liberalisation agreement then funding for public health services will be decreased. Whilst I have said that our health services are relatively good, still they cannot afford to receive less funding than they do at present. Many poorer people even now receive less than adequate health care.

(ii) Australia cannot afford to reduce its education standards. There is a tendency already for those standards to be eroded. Trade liberalisation would reduce the ability of national and state governments to set standards and regulate qualification requirements.

(iii) There is a growing tendency by large companies to encourage the privatisation of water supplies. The provision of water is a basic human necessity which should be retained under public control and used for the public benefit - not for the making of profits for shareholders. Increasing services trade liberalisation could lead to loss of control of water services by local

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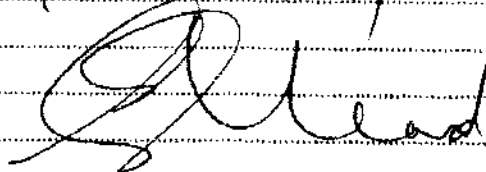
communities through their elected representatives

(e) I consider that my comments in relation to (a) and (d) deal with the impact of the GATS on the ability of all levels of government to regulate services and own public assets

2 I consider that the general comments I have made above apply with the same or greater force to the negotiation of a Free Trade Agreement with the US. I am far from convinced that Mexico's ordinary people have benefited from the NAFTA.

I believe that Australia will suffer a net detriment from a free trade agreement with the US. There are many examples in recent trade history in Australia and elsewhere to sound a very serious note of alarm.

Yours faithfully



GREG MEAD