

**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: 105

Submittor: Global Justice Inc

Contact: Mr Kel Drummet
Director

Address: PO Box 12524
A'Beckett Street
PO MELBOURNE VIC 8006

Tel:

Fax:

Email: globaljusticeinc@yahoo.com

No. of Pages: 5

Attachments: No



Global Justice Inc.

PO Box 12524, A'Beckett Street PO Melbourne, Vic 8006

globaljusticeinc@yahoo.com

Senate Foreign Affairs, Defence &
Trade Committee
GATS/FTA Inquiry
Parliament House
Canberra
ACT 2600



Submission to Senate Inquiry into the General Agreement on Trade in Services (GATS) and Proposed Australia-USA Free Trade Agreement

Global Justice Inc

Global Justice Inc is an incorporated association in Victoria. Global Justice Inc works to raise awareness of social, economic and environmental injustices around the world, with emphasis on the Asia/Pacific region. We have a specific concern for issues that affect the needy and disadvantaged members of the Australian community.

1. General Agreement on Trade in Services (GATS)

Introduction

Global Justice Inc has serious concerns regarding the push by the Australian government, to liberalise Australian public services such as health and education, under the GATS. We believe that the benefits for the Australian community are just not there, to warrant liberalizing public services.

Our main concern is that the GATS provision do not safeguard the right of national governments to exempt public services from liberalisation. The so-called exemption clause Article 1.3C only allows national governments to exempt public services that are provided on a completely non-competitive or non-commercial basis. As there are no public services in Australia, nor virtually anywhere in the world, that are provided solely on such a basis, this provision is totally worthless.

Global Justice Inc is most concerned about liberalization of education, health and water provision services. These services all fall within the UN Human Rights Charter as basic human rights. All citizens have the right to clean drinking water, education and health. Because the issues surrounding the liberalization of all public services are similar, and because it is only public service for which that the Australia government has presented a position paper, we will concentrate on **education** in this submission.

Education

We were pleased to see, and wholeheartedly support certain sections within the recent statement on Australia's position re negotiations on liberalising education. In particular, the following I feel adequately expresses the reasons behind the concerns being expressed by many in the Australian community:

"Australia recognises that governments across the globe play a significant role in the financing, delivery and regulation of education, alone and/or in partnership with individuals and other private and non-governmental organisations. This reflects the importance of education in the preparation for life as a citizen, the transmission of values and culture, and development of national well being. Accordingly, Australia believes that governments must retain their sovereign right to determine their own domestic funding and regulatory policies/measures."

Achieving this under GATS as it currently stands, is impossible. Therefore, the following two Australian proposals, from the same government position paper, are in effect impossible to achieve, unless of course the government intends to push for changes to the GATS.

- (a) The education services negotiations should not prevent Member countries from establishing their own education policy objectives, or prevent Member countries from applying regulatory measures necessary to achieve those objectives.*
- (b) The education services negotiations should not prevent Member countries from providing public funds for education to meet domestic policy and regulatory objectives*

Under the exemption provisions GATS article 1.3C, governments are only able to exempt public services from liberalization, if that service is provided on a non-competitive or non-commercial basis. That means that the service in question must be completely financed and provided by government and have no commercial purpose. Since education in Australia is not provided entirely free, in fact hardly any public service provision in the world is entirely free, nor is it provided on a solely non-competitive basis, this exemption is meaningless. In the case of education in Australia, as we already have private schools and universities, and private funding within our public education system (from parents and business), it will not be possible for Australia to *"establish their own education policy objective or apply regulatory measures necessary to achieve those objectives or to providing public funds for education to meet domestic policy and regulatory objectives"*.

Developing countries

Global Justice Inc has a serious concern regarding the non-voluntary nature with which Developing countries make their services available for liberalisation. We know that major Western countries, especially the USA, uses threats and promises to force Developing countries to ignore what's best for their community and open their doors wide to trade liberalisation – to liberalise everything, especially services. This behaviour by Western governments, and Australia 'bullies and buys' Pacific countries, is totally immoral and must cease.

Global Justice Inc supports the position of the Third World Network and Food First in arguing that Developing countries will be better off concentrating on national and regional markets rather than on global markets for their products and services.

Recommendations re GATS:

Global Justice Inc believes that the costs to the whole community way outweigh the benefits, therefore we call on the Australia government to withdraw from GATS negotiations. Unfortunately we recognise that this is unlikely to happen in the short term, so we make the following recommendations to mitigate the impacts of GATS on Australia and the rest of the world:

1. Australia must propose substantial changes to the GATS to enable national governments to, as the Australian government position paper states' ***"retain their sovereign right to determine their own domestic funding and regulatory policies/measures."***
In particular amendments to the exemption provisions contained in GATS article 1.3C, which as mentioned previously only permits national governments to exempt services that are provided on a non-commercial or non-competitive basis. This must be amended to permit governments to exempt any public services.
2. The Australian government must embark on a thorough study of the social and environmental impact of previous and proposed services liberalisation in Australia. There must be no further liberalisation until this study has been completed and the impacts duly assessed.

2. Proposed Australia-USA Free Trade Agreement

Introduction

Global Justice Inc accepts that there are glaring inequities in access to the markets between Australia and USA. While USA currently enjoys virtually free access to Australian markets, the same cannot be said about Australian access to US markets, especially for agricultural products.

However, Global Justice Inc does not believe that a free-trade agreement is the way to solve these inequities. Indeed Global Justice Inc believes that the inaccessibility of US markets to Developing Countries and the blatant exploitation of Developing Countries production processes, labour forces and the resulting human rights violations and environmental damage, are of much greater concern, and must be addressed by the global community.

Concerns regarding a US-Australia free trade agreement.

General concerns

1. The trading/bargaining relationship between Australia and the US is extremely one sided – tilted firmly and permanently in the US' favour. The Australian economy is only 4% of the size of the US economy. A government background paper says that the US sees Australia in economic terms as equivalent to one of its own states.
2. There is likely to be little or no economic benefits for Australia. The economic gains predicted by the government study are quite low and based on the unrealistic assumption that all trade barriers will be removed, including in goods and agriculture. An independent study by ACIL Consultants shows that there would be net losses to Australia from trade lost to other countries.
3. This is just the US giving advantage to it's companies. In this global economy, American industry would have to face up to its problems of competitiveness when faced with competitors from Europe, Japan and China. In this context, the U.S. wants to assure itself of an edge, in effect by having 'private reserves' where its corporations have greater access than others. These private reserves are the Free

Trade Agreements such as FTAA, NAFTA and the bilateral accords the U.S. wants to force on individual countries such as Australia. In these free trade areas, American corporations will have privileged access over their European and Asian counterparts.

Specific concerns

Global Justice Inc foresees major negative implications for Australians, especially the needy in our community, from a free trade agreement between the US and Australia. The key specific areas of concern are:

1. Pharmaceutical Benefits Scheme. The agreement would put at risk the continuation of the Pharmaceutical Benefits Scheme. We have known that the US and major drug companies, have been applying pressure to have the PBS abolished. The result of the abolition of the PBS will mean massive increases in the costs of essential medicines to the population.

Global Justice Inc fears that if the PBS was abolished under a free trade agreement with US, Australians would be forced to pay the same exorbitant prices for medicines as people in the US. The result would be large sections of the population would be denied access to essential medicines – as is the case in the US.

2. Access to Services. Global Justice Inc is concerned that a free trade agreement would result in further privatisation of essential services, with the result that large even US corporations would enter the market and take over provision of health and education services. We do not want to see of the American health system applied here, with the massive inequities of access to health services. In fact many in the US have no access to health services at all.
3. Australia Post. Australia Post and the services it provides, are a lucrative target for major corporations. Global Justice Inc is concerned that a free trade agreement will mean the privatisation of Australia Post, and the end to one of the most efficient and cheap postal services in the world. This will have major impacts for the less advantaged in our community.
4. ACCC and the Foreign Investment Review Board. The two government bodies are vital to protect Australians from the sorts of excesses in corporate greed and corruption that has been obvious in the US. We fear the free trade agreement will see the abolition of the ACCC and FIRB. We know there has been pressure from the US for Australia to abolish these two institutions.
5. Local content rules. The local broadcasting content rules protect the Australian TV industry from the powerful forces of Hollywood, and ensure that Australian programs continue to be screened. Global Justice Inc believes that it is essential for Australian community well being that Australian programs continue to be broadcast. We do not want to see a predominance of American programs on television, this will undermine even further the Australian film/media industry and Australia's cultural identity and independence.
6. Labelling and regulation of genetically modified food. While Global Justice Inc believes that the current labelling regime for GMOs is inadequate, we do not want to see the existing regime dismantled. The US is the largest producer of food containing GMOs and lobbying by agribusiness companies has ensured that there are no US rules for labelling to show GMO content in food. Australian consumers have a democratic right of informed choice regarding food.

7. Quarantine rules. The Australian government has a right and responsibility to protect Australian's and our food crops from disease from overseas. Currently Australia is disease free in some areas, this can only be maintained by high quarantine standards. Global Justice Inc objects to any attempts to lower these standards as part of the FTA, as a lowering could have devastating effects on the population and it's food sources, as well as the agricultural industries economic viability.

Conclusion

Global Justice Inc believes that most Australian's strongly support the above seven policies/rules/schemes and see them as an expression of Australia's economic, social and cultural independence, and would be strongly opposed to any attempt to weaken or abandon them.

Global Justice Inc sees no justification either economic or social for entering into a free trade agreement with the United States, and therefore calls on the government to abandon the process and use the money saved to invest in our health system.



Kel Dummett
Director, Global Justice Inc