

**SENATE STANDING COMMITTEE ON
FOREIGN AFFAIRS, DEFENCE & TRADE**

**INQUIRY INTO AUSTRALIA'S RELATIONS
WITH CHINA**

Submission No. P3

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From: Jon Cook [jonrichco@yahoo.com.au]
Sent: Thursday, 24 February 2005 4:49 PM
To: FADT, Committee (SEN)
Subject: Proposed China Free Trade Agreement

From Jon Cook
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24 February 2005

The Chair
Senate Committee of Inquiry into Australia's relationship with China

Dear Sir

I refer to item (a)iii of your terms of reference, "The Australia-China Trade and Economic Framework and possibility of a free trade agreement with China". Thank you for the opportunity to comment on this important issue.

As an international development economist, I am a supporter of (reasonably) free trade. However, I am opposed to the rapid expansion of bilateral agreements, which inevitably will be at the expense of multilateral negotiations and agreements through the World Trade Organization. Such bilateral agreements can provide benefits to some Australian exporters and consumers, provided they are carefully negotiated (as was manifestly not the case with the US/Australia agreement). However, the proliferation of bilateral agreements will almost inevitably further damage the economies and development prospects of many third world countries. In further emphasising the difference between the "haves" and "have nots" we are sowing the seeds of the long term destruction of the current world order. This proliferation will also complicate trade, particularly if the current trend to bilateral agreements accelerates, with importers needing to be familiar with the tariffs and regulations relating to a plethora of agreements.

In addition, I believe that the "haves" such as Australia, are already as rich in aggregate as they need to be, and are consuming the world's resources at an unsustainable rate. Australia should therefore abandon its "growth at any cost" strategy and begin to think about the improved use and distribution of resources, at the same time as working strongly to support multilateral approaches.

The China agreement has the potential to further undermine our manufacturing sector, through China's ability to produce goods at a fraction of Australian costs. While competition is desirable, and often benefits consumers, there is a need for some semblance of a level playing field in terms of workers' rights, working conditions, intellectual property, non-tariff barriers and freedom from export subsidies (though not in the short term in relation to wages).

I am sure the Senate will research these aspects in detail, and hopefully recommend a more multilateral approach to the development of Australia's trading relationships in future.

Yours sincerely
Jon Cook

