

From: Neil and Thea Ormerod
Sent: Monday, 21 March 2005 10:26 AM
To: FADT, Committee (SEN)
Subject: China - Australia FTA submission

Committee Secretary
 Senate Foreign Affairs
 Defence and Trade Committee
 The Senate
 Parliament House
 Canberra ACT 2600.

To whom it may concern:

We are very concerned that negotiations for a preferential trade agreement (or so-called "free trade agreement" - FTA) with China are potentially starting this week. Principally, our objections are:

- 1) the undemocratic basis for the negotiations
- 2) the oppressively low wages and poor working conditions of manufacturaing workers, on which China's competitiveness in that sector is based
- 3) the impact on Australian manufacturing industries when they cannot compete with China's artificially low prices for manufactured goods

1) Undemocratic basis for negotiations

Not only would the Chinese side of an agreement be unrepresentative of the Chinese people as a whole, because the country is obviously a dictatorship, the Australian Government is not allowing the Australian community to be be informed of, and comment on, the implications of an agreement. The original plan to have he feasibility study of the social and economic costs and benefits of an agreement available to the Australian public in October 2005 was far more reasonable than the present timetable which will allow no time for public comment on the feasibility study before negotiations begin.

It is outrageous that the very reasonable recommendations made by this committee, The Senate Foreign Affairs, Defence and Trade Committee, are not being heeded by the present Government. ('Voting on trade: The General Agreement on Trade in Services and an Australia-US Free Trade Agreement', 26 November 2003, Commonwealth of Australia, Recommendation 2, paragraph 3.91). The key elements of these recommendations are that:

- Parliament will have the responsibility of granting negotiating authority for particular trade treaties, on the basis of agreed objectives,
- Parliament will only decide this question after comprehensive studies are done about the economic, regional, social, cultural, regulatory and environmental impacts which are expected to arise, and after public hearings and examination and reporting by a Parliamentary Committee,
- Parliament will be able to vote on any trade treaty that is negotiated.

It is highly inappropriate and irresponsible that Cabinet is prepared to make decisions in a non-consultative manner in respect to an economically powerful nation, competitive in part because it is so oppressive, decisions which potentially will have a huge impact on Australia's economic future. The implications of this agreement are too far-reaching for a handful of ideologically-driven people to assume they are correct with scarcely any reference to the views of the nation.

The correct place for decisions to be made is the Parliament.

The correct process involves consultation with various sections of the community who have had time to

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consider the feasibility study and make their comments.

Furthermore, we consider it unethical to implicitly recognise the legitimacy of the Chinese Government when it is unrepresentative of the people of China as a whole, when it is oppressive to its pro-democracy movement and unconcerned with the human rights of many of its citizens.

It makes sense to align ourselves with what the pro-democracy movement in China is asking for. Wei Jingsheng, who has been likened to South Africa's Nelson Mandela, due to 18 years spent in Chinese prisons, and nicknamed "the father of Chinese democracy" by some, has stated that the Chinese democracy movement does indeed want economic sanctions applied to China. Wei and many other Chinese dissidents stood up to oppose the U.S.-China free trade deal, known as "PNTR," which passed Congress in 2000 (John Kusumi, Executive Director of the China Support Network).

It is questionable that more free trade will bring more freedoms in the political sphere. It is historically proven that economic sanctions add to the impetus for political change.

2) the oppressively low wages and poor working conditions of manufacturing workers, on which China's competitiveness in that sector is based

We believe it is also unethical for the Australian Government to grant preferential trade access while China does not abide by fundamental workers' rights as defined by the International Labour Organisation, nor does it even implement its own minimal labour laws. According to a report by Hamish McDonald (SMH, October 2004, p. 41), workers are arrested for attempting to organise, unprotected by China's State-sanctioned trade union federation. They have nonetheless been striking and staging sit-ins, such is their frustration.

China's Labour Ministry noted recently that the average salary for a worker who has migrated to the country's industrial zones is earning less in real terms than they did 12 years ago. The competitiveness of Chinese imports comes at a human cost of poor working conditions, long hours, and at times paying workers in arrears to stop them from changing jobs. Working conditions are so bad that labour shortages are being reported in the free trade zones. Workers are "voting with their feet".

If the Government of China can be so ruthless in respect to justice towards their own people, how fair-minded will they be regarding the interests of Australians?

3) the impact on Australian manufacturing industries when they cannot compete with China's artificially low prices for manufactured goods

It is concerning that the benefits of a trade deal with China will focus largely on our potential to market primary commodities, at the probable expense of our manufacturing industries. Reliance on commodities and minimal manufacturing capability is a characteristic of Third World economies.

A 2004 Australian Industry Group survey of 848 Australian manufacturers found that most had already felt negative impacts from current Chinese imports and that 45% saw no benefit from an FTA with China (*Australian Financial Review*, 6/8/04, p.14). Andrew Edgar, managing director of Yakka clothing, has said "As an industry we've expressed a great deal of concern about the process of securing a trade deal with China. There are huge imbalances we are facing as an industry. China already has a dominant position in the Australian market. our exports are negligible and China supplies 70% of the clothing and 60% of the footwear available in Australia" (*The Australian*, 24/11/04, p. 2).

Clearly an FTA with China could quite possibly cause various manufacturing companies in Australia to go out of business because they will be unable to compete in the "race to the bottom" of cutting costs by keeping wages low.

Conclusion

We therefore urge the Government to halt altogether the process towards an FTA with China, for both

ethical and economic reasons.

yours sincerely

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