

QUEENSLAND  
**Nurses' Union**

IN ASSOCIATION WITH AUSTRALIAN NURSING FEDERATION QLD. BRANCH

ADDRESS ALL CORRESPONDENCE TO THE SECRETARY, G.P.O. BOX 1289, BRISBANE, Q, 4001.



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**IN REPLY PLEASE QUOTE:**

All enquiries regarding this correspondence should be directed to: \_\_\_\_\_

23 March 2005

Committee Secretary  
Senate Foreign Affairs, Defence and Trade Committee  
Department of the Senate  
Parliament House  
Canberra ACT 2600  
Australia

Dear Sir/Madam,

**RE: Inquiry into Australia's relationship with China.**

We thank the committee for the opportunity to provide comment on Australia's relationship with China. The QNU has made a number of recent submissions to the Department of Foreign Affairs (DFAT) and Parliamentary Inquiries on trade matters. These submissions have highlighted our concerns about the effect of trade liberalisation and WTO processes and undertakings on working people. Rather than revisit these submissions in detail we will focus on the possibility of a free trade agreement with China, effective community consultation in evaluating whether such an agreement is in the best interest of Australia and an international policy framework to ensure that this and other trade agreements do not undermine accepted international standards.

Should you wish to discuss our submission further please contact me (or in my absence QNU Project Office Beth Mohle) by telephoning (07) 3840 1444.

Yours Sincerely,

Gay Hawksworth  
Secretary

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## **ABOUT THE QNU**

The QNU is a registered industrial organisation in the state of Queensland. We have in excess of 32,500 members (and growing) and our membership is largely employed in the public, for-profit and not-for profit health sectors. A number are also employed in non-health environments. We cover registered nurses, enrolled nurses and assistants in nursing. The QNU is a member of the national nursing union, the Australian Nursing Federation (ANF), and through the ANF is represented by the Australian Council of Trade Unions (ACTU).

We are also affiliated to Queensland's peak union body, the Queensland Council of Unions (QCU). We support past and present submissions and public statements made by these bodies on the issues of free trade, globalisation and the WTO, especially the concerns expressed by the ACTU regarding the enforcement of international labour standards. We also support submissions made by the Australian Fair Trade and Investment Network (AFTINET) on the General Agreement on Trade in Services and trade liberalisation generally.

## **EFFECTIVE CONSULTATION AND TRANSPARENCY**

We appreciate this opportunity to place on record our views on a free trade agreement with China. However, it is of ongoing concern to the QNU that government negotiation of specific free trade agreements is neither transparent nor democratic and does not pay sufficient attention to the views of the Australian community.

It is our belief that if the government is serious about meaningful community consultations on trade matters there must be a change in approach. The government must ensure that, before entering into individual negotiations, a clear and publicly available set of objectives and framework for all trade negotiations exists.

To formulate objectives and a framework for all future trade negotiations the government must begin by consulting with the community. After community views on these matters are considered the government must then release its negotiating principles and objectives to allow stakeholders to measure the progress and/or success of the negotiations. These principles and objectives should be subject to debate in and a vote of the federal parliament.

These changes would allow clarity on policy issues and provide a clear and consistent underlying framework. Organisations could then make submissions on specific aspects of agreements in that context without constantly being forced to restate our significant concerns about process.

It is of concern to the QNU that preliminary negotiations between the Australian Trade Minister, Mark Vaile and the Chinese Premier began before the results of the feasibility study had been completed and without allowing time for community consultation or debate about whether a free trade agreement with China would be in Australia's best interests. That this has occurred, despite government assurance to the contrary, only reinforces the need for the adoption of a democratic and transparent framework for negotiation.

The QNU believes that a second serious impediment to meaningful community consultation is the lack of understanding in regard to the potential implications of trade liberalisation. This is manifest not only in the general community but also amongst our elected representatives at all levels of government and the public service. It is essential that this knowledge deficit be addressed as a matter of urgency.

Although DFAT should be commended for efforts in recent times to improve both their consultation processes and information provided to the community on trade matters, we believe more needs to be done. It is appreciated that the responsibility of raising awareness on trade matters also lies with unions, NGOs and business organisations. One strategy we suggest for raising community awareness of trade liberalisation and its effects is to provide government funding to NGOs to support their community based activities around trade issues.

## **LABOUR RIGHTS AND MARKET ECONOMY STATUS**

It is our view that any further free trade agreements must not proceed unless underpinned by a commitment to basic human rights, labour and environmental standards. That the Minister for Foreign Affairs recently rejected calls for human rights issues to be included in negotiations for a free trade agreement with China is of great concern to the QNU<sup>1</sup>. Moreover, these same factors are an essential element of a free market economy. It would be entirely inappropriate to grant China status as a full market economy without corresponding evidence of social openness and a respect for basic human rights within the country. This evidence is sorely lacking.

Since the late eighties the Chinese economy has undergone significant restructuring ostensibly based on 'market economy' principles. The restructuring has not, however, been accompanied by a corresponding respect for internationally recognised labour standards. A recent report of the US Congressional-Executive Commission on China concluded that "China's poor record of protecting the internationally recognised rights of its own workers has not changed"<sup>2</sup>. The Chinese government continues to repress internationally recognised workers' rights.

Chinese workers have no right to freedom of association, nor an effective right to organise or bargain collectively. China has never ratified ILO conventions 87 and 98 which provide for these rights.

Workers do not have the right to form independent unions. The All China Federation of Trade Unions (ACFTU) is the only legal union federation. The ACFTU is not independent - it is bound by central party policy. Strikes are rapidly and violently repressed. In fact China's Trade Union Law requires the ACFTU to mobilise workers to complete their production duties<sup>3</sup> and suppress strikes<sup>4</sup>.

The fact that workers are routinely detained for participating in 'illegal demonstrations' is well documented<sup>5</sup>. Workers who participate in labour stoppages or protests risk internment in 're-education-through-labour-camps'<sup>6</sup>.

The Chinese economy fails the test of a market economy in several other critical areas.

First, the country's own inadequate occupational health and safety standards are not enforced. According to the official newspaper, Workers Daily, in many new, smaller enterprises, which account for the majority of manufacturing employment "work conditions are abominable,

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<sup>1</sup> 2005, 'Business lobby worried by China trade talks', *ABC Online*, 14 March

<sup>2</sup> Congressional-Executive Commission on China, 2003, *Annual Report*, p 23

<sup>3</sup> Peoples republic of China, Trade Union Law, Article 7

<sup>4</sup> Peoples republic of China, Trade Union Law, Article 27

<sup>5</sup> ICFTU, 2004, *Annual Survey of Violations of Trade Union Rights*, p 3

<sup>6</sup> Human Rights Watch, 2004, *China: Human Rights Concerns for the 61<sup>st</sup> Session of the UN Commission*, p 1

workshops are small, low and damp and noise seriously exceeds standards, and toxic and hazardous tasks are not effectively regulated. After working in these conditions for a long time workers health is utterly devastated<sup>7</sup>. This year the Wall Street Journal quoted a government report listing 6000 Chinese miners who died at work in the previous year. This figures accounts for 80 percent of the world's mining casualties<sup>8</sup>. The ICFTU rates China's manufacturing and mining industries amongst the most dangerous in the world<sup>9</sup>. These appalling conditions and high levels of workplace injury and death are not limited to these industries.

Second, while a minimum wage exists in theory it is rarely enforced by local authorities. In reality the wages of many workers are artificially suppressed. In the manufacturing industry, for example, labour productivity has increased from year to year while wages have fallen over the last decade<sup>10</sup>. Additionally, workers regularly work long and often unpaid overtime<sup>11</sup>.

The AFL-CIO has estimated that the continuing suppression of workers' rights and the failure of China to enforce its own minimum labour conditions have lowered Chinese wages by between 47 and 86 percent. Conservative assumptions calculate that this in turn has reduced the price of Chinese products by between 11 and 44 percent. Alternatively, they argue that if China did not violate workers' rights the price of Chinese manufactured goods would rise by 12 to 77 percent<sup>12</sup>.

Given the circumstances outlined above the QNU considers that it is not only inappropriate to acknowledge China as having market economy status at the World Trade Organisation but also wholly incorrect. Furthermore, we believe that a free trade agreement with China would not only be damaging to the interests of Australia but to workers and civil society the world over. As Mark Barenberg, Professor of Law, and author of the AFL-CIO section 301 Petition, writes "when the rights of one quarter of the world's workforce are suppressed, as they are in China, the labour conditions for the world's unskilled and semi skilled workers are worsened; domestic and global demand is depressed; excess productive capacity is created; and a path of inequitable, unsustainable development is promoted".

## **UNITED NATIONS GLOBAL COMPACT**

China's denial of workers' rights is encouraged by a system of world trade and finance that fails to enforce minimum standards of decency at work. Progress of efforts to promote dialogue on an agreed international policy framework to ensure that global trade does not undermine accepted international standards has been slow. For example, the QNU is concerned that a relatively small number of corporations have seen fit to endorse the United Nations' Global Compact (of the November 2004 total of 1890 participants in the Global Compact, 22 are Australian companies). The QNU supports the United Nations Global Compact and sees it as an important tool to improve the rights and conditions of workers in China and across the world.

This compact represents a minimum standard for good global corporate citizenship. In the context of the growing concern expressed by civil society in regard to the trade liberalisation agenda, the United Nations has been promoting the concept of a global compact that would bring corporations together with UN agencies, labour and civil society to advance responsible corporate citizenship. The aim of this compact is to achieve a more sustainable and inclusive global economy through the support of ten principles in the areas of human rights, labour, the environment and anti-corruption. These principles are outlined in the box below (Information obtained from the UN Global Compact website).

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<sup>7</sup> AFL-CIO, 2005, s 301 Petition Regarding Violation of Workers' Rights in China, report prepared by M, Barenberg, p 51

<sup>8</sup> Human Rights Watch, 2005, *Take Tough Action to End China's Mining Tragedies*, by S. Davis and M. Speigel, p 1

<sup>9</sup> ICFTU, 2004, *Annual Survey of Violations of Trade Union Rights*, p 2

<sup>10</sup> AFL-CIO, 2005, s 301 Petition Regarding Violation of Workers' Rights in China, report prepared by M, Barenberg, p 3

<sup>11</sup> Ibid

<sup>12</sup> Ibid

The Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption enjoy universal consensus and are derived from:

- The Universal Declaration of Human Rights
- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development
- The United Nations Convention Against Corruption

The Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment, and anti-corruption:

#### Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

#### Labour Standards

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

#### Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies

#### Anti-Corruption

Principle 10: Businesses should work against all forms of corruption, including extortion and bribery.

In our view a firm commitment to these principles must form the minimum standard for all future international trade negotiations and we call upon the Australian government to adopt these principles as part of their consistent underlying policy position for all future trade negotiations.

## **CONCLUSION**

This submission has considered the possibility of a free trade agreement with China. In doing this we have addressed three issues: an effective and transparent negotiation process; China's market economy status; and an international policy framework to ensure a free trade agreement with China does not undermine accepted international standards.

The QNU believes that it is essential that the government develop a clear and consistently applied policy framework. This policy framework/negotiating position should be subject to full

parliamentary debate and a vote in parliament before any commitments are made. In our view this should include a commitment to: those principles outlined in the UN's Global Compact; Australia's development objectives; and maintaining our sovereign right to regulate and provide services to the community. There should also be full disclosure of Australia's specific requests to other countries as well as the requests made of Australia by other countries.

Like other Australian trade unions the QNU is extremely concerned about the current trade liberalisation agenda of the Australian government. We are not convinced by assurances given to date by Australian Trade Minister Mark Vaile and other government representatives that Australian sovereignty and interests will be protected. Australia can and must do much more to ensure that our public health and human rights and other obligations continue to be met if further trade liberalisation is to occur.

Secondly, the QNU believes that it is neither appropriate nor correct to grant China market economy status given the country's failure to enforce its own minimum standards in regard to labour rights and its continuing refusal to respect the human rights of Chinese workers. China manifestly does not have the characteristics of a market economy. Wages are suppressed, workers' rights are repressed and any dissent is quickly quashed.

We believe that it would be against Australia's national interest and against the interests of working people everywhere to proceed with a free trade agreement with China in light of the continued abuse of human and labour rights in that country.

Finally, the QNU believes that it is necessary for an international policy framework to be developed and adopted to ensure that further trade liberalisation does not undermine existing human rights, labour and environmental standards. The United Nations Global Compact contains ten principles that we believe Australian corporations, labour and civil society should work together to promote. Furthermore, we believe that a commitment to these principles must form the minimum standard for a free trade agreement with China and all future trade agreements.