

Recommendations of One Nation

1. One Nation is determined to protect Australian jobs, industry, agriculture, manufacturing, our culture and our natural heritage. We therefore strongly reaffirm the principle of national economic sovereignty and reject any attempts to usurp or undermine it.
2. Free trade has caused massive and catastrophic dislocations throughout the industrialised and developing world. As an industrialised country, Australia must consider the problems that free trade has brought upon other developed nations and take all steps necessary to protect our citizens from similar events.
3. We seek to place the needs and interests of our citizens, not multinational corporations, or foreign countries at the heart of our democracy.
4. We recognise the particular vulnerability of agriculture and manufacturing in the global economy. We are committed to protecting them.
5. In this context, tariffs, export quotas, rules that favour our own industries and the right of self determination are critical for our national advancement.
6. We believe that the treaty making process should rest with elected representatives, who determine what is in our national interest by way of a vote on the text of the agreement and enabling legislation. Executive and cabinet must not have the final say on the text of treaties and trade agreements.
7. We stress our concern with transparency of free trade agreements, particularly negotiating strategies, the views of interested parties and the relationship between political party donations.
8. We reaffirm the right of the Australian parliament to regulate, legislate and protect exclusively Australian interests.
9. We note with particular concern the issues raised by witnesses that appeared before this Committee.
10. In view of these considerations and having an understanding of the damage wrecked by previous free trade agreements such as the North American Free Trade Agreement (NAFTA). One Nation is opposed to the United States Free Trade Agreement and makes the following assessment and recommendations.

Len Harris
Senator for Queensland

ASSESSMENT OF AUSTRALIA- US FREE TRADE AGREEMENT

One Nation, based on the overwhelming body of evidence before the Select Committee on the Free Trade Agreement between Australia and the United States of America is opposed to this Free Trade Agreement.

One Nation opposes the philosophy, opposes to the process and opposes the policy of free trade.

Our opposition does not mean we are Anti- American or Un-Australian. Rather, our opposition is based upon the fact that through this agreement, Australia loses its economic sovereignty.

- The right to protect our own
- The freedom to grow our own industries
- The right to foster our own culture
- And the ability to help Australians first

The FTA severely restricts and confines the role of our democratic government. In many cases, the final say in many cases is given to dispute resolution bodies – a panel of three people - not to our elected decision makers in this Parliament. The final say is out of our control.

NAFTA

One Nation is concerned by the similarities between the Australia-US FTA and the North American Free Trade Agreement between the US, Canada and Mexico.

Key sections of the US- Australia FTA are exact copies – word for word – from NAFTA. Under this agreement, Australians will be competing in the US with the Canadians and Mexicans and anyone else that the US has a free trade deal with.

NAFTA has been a huge success for big business. But not for the family farmer, workers and manufacturers. It's been nothing more than a seven year economic war.

The U.S. website of the US Department of Labor, in the NAFTA Transitional Adjustment Assistance Cases section, tells a chilling story.

In thousands and thousands of cases, across all US States, and many, many industries, the Department of Labor concludes there has been a “Shift in production to Mexico or Canada”. The effects are so bad that the US Labor department even maintains a web page titled “mass layoff statistics.”

Our Australian government and the ALP have now endorsed this free trade process, which is proven to cause massive job losses in the US itself. It is nothing more than planned, deliberate, suicidal destruction to go down this path.

HISTORY OF FREE TRADE

Free trade is not the utopia its proponents claim.

The history of Free Trade is not new; there are many historical examples to demonstrate that free trade, particularly in agriculture, does not work.

The book, 'Grain through the Ages', published by Quaker Oats company, describes this debate in the first and second century B.C. in the Roman Empire.

It states:

"One reason for the decline of grain farming in Italy was the importation of grain into Rome from the rich grain lands of Sicily and Egypt. In Sicily, these grain lands had been appropriated by rich men and scheming politicians who farmed them with slave labor.

As a result the markets of Rome were flooded with cheap grain. Grain became so cheap that the farmers who still owned small pieces of land could not get enough money for the grain to support their families and pay their taxes.

They were forced to turn their farms over to rich landowners. On the land of Italy slave gangs working under the overseers took the place of the old Roman farmers, the very backbone of the state.

The farmers, after their land had been lost, went into the city walls, leaving the scythe and the plough. They worked now and then at a small wage. They ate mostly bread made of wheat which was distributed to them by any politician who wanted their votes at an election.

They lived in great lodging houses three or four stories high. The land itself became poor... The use of slaves meant that the land was badly worked because usually the slaves did as little as they possibly could unless they were under the eye of the overseer.... In the end, the land itself was destroyed by this economic process."

RISING IMPORTS

Imports into Australia have just risen for the fourth consecutive month. The latest trade figures show that we are importing more than we export. This is the worst financial year for trade in the twenty year history of the statistical record. The trade deficit is \$24 billion up from \$18.6 billion the previous year. The ratio for export credits, this year was minus 17. The only worse year in history was in 1986 when it was minus 21 that was the year of Paul Keating's banana republic.

So trade has got little to do with Australia's supposedly robust economy. No member of the government can claim that the economy is going gangbusters – due free trade policies – not when we are importing more than we export.

COMPETITION

Over the last 15 years almost a quarter of Australian family farmers have gone out of business.

Official figures from the Australian Bureau of Statistics indicate that the number of farming families in Australia decreased by 22% between 1986 and 2001. If this trend continues at the present rate, more than half of Australia's family farms will be lost within the next 15 years. With this FTA, the trend of small family farm closures will only accelerate.

In the U.S., 33,000 farms with under \$100,000 annual income have disappeared during the first seven years of NAFTA. This is a rate six times higher than the pre-NAFTA period. While Canada's NAFTA agricultural exports grew by C\$6 billion between 1993 and 1999, net farm income declined by C\$600 million over the same period instead of rising by \$1.4 billion as Agri-Food Canada had predicted.

Since NAFTA, the rate of Canadian farm bankruptcies and delinquent loans is five times that before NAFTA, even as Canadian agricultural exports doubled. Dropping prices meant that in Canada, farmers' net incomes declined 19% between 1989 and 1999, although Canadian agricultural exports doubled during that period.

On the Atherton Tableland and Far North Queensland, we have witnessed, first hand, the destructive forces of free trade. Tobacco, Sugar, Dairy, Prawn Trawling, bananas, apples, pork are all either going to the wall or are under threat.

Under this agreement, all US agricultural imports into Australia - many of them grown on corporate farms which are heavily subsidised by the US government - will gain "immediate duty-free access".

The US can automatically access our dairy and beef market, but there is an 18 year gradual phasing in for us to access theirs. Based on empirical evidence from NAFTA it is likely that over the 18 year 'phasing in period' Australia's dairy and beef will be virtually annihilated. They won't need access to the US because there will very few of them left. It is likely that only a few big agribusiness companies will control the market between Australia and the US with a few niche exporters. Then, due to large agribusiness making large donations to the Liberals, Nationals and Labor, the government of the day will decide to subsidise agribusiness. Our own local producers will be competing with increased imports of subsidised US beef, dairy products, almonds, tomatoes, cherries, olives, fresh grapes, corn, frozen strawberries, and walnuts to name just a few. Our cheese market, which is currently quite well

protected via tariffs will be opened up to US competitors. Others products such as potatoes and raisins, will have their existing 5% tariff removed.

MANUFACTURING

During the debate on the FTA legislation in Parliament, One Nation received petitions from nearly 1000 workers in the manufacturing industries, pleading with us to stop this agreement. Under the FTA, more than 99 percent of U.S. manufactured exports to Australia will become duty-free immediately upon entry into force of the Agreement. U.S. manufacturers estimate that this elimination of tariffs could result in US\$2 billion per year in increased U.S. exports of manufactured goods.

The FTA makes it extremely difficult, if not impossible, to implement the kind of national economic and industrial development policies that are necessary to build up a strong national economic base.

One Nation is well aware and shares the concerns expressed by the Australian Manufacturing Workers Union. A recent media release states:

"Our 15% tariff will go down to zero when the Free Trade Agreement takes effect. This is likely to produce huge job losses in our industry as American Auto parts will flood the Australian market."

With the stroke of a pen, this FTA will destroy what's left of our manufacturing industries. Anyone that doubts this need only examine the US Department of Labor Statistics. One sector of our economy is being played off against the other.

SERVICES SECTOR – GOVERNMENT PROCUREMENT

At present, the US has access to Australian government procurement but Australia does not have access to the US market. That is because we didn't sign up under the WTO to this section of GATS, which is on a reciprocal basis, and Australia wanted most favoured nation status. In other words, under GATS, we gave the US access and we got nothing. Now finally, we get access to US government procurement, but at great cost to many other sectors of our economy.

INVESTMENT

One of the many problems with the FTA is the investment chapter which prohibits any imposition of terms and conditions on foreign investors. It requires our Federal, State and Local governments to treat domestic and foreign-owned corporations on an equal basis, and to grant US companies most favoured nation status. We will now have to favour US multinationals as much as our own Australian companies at all levels of government procurement.

PBS

On Tuesday 3 August 2004, Senator Hill, representing the Trade Minister responded to One Nation's question on the PBS in relation to the FTA. One Nation notes with great concern that the US can apply for a review in the cost of prescription drugs here in Australia, but in the letters of exchange, Australia has no such right in terms of access to the US market. The US can apply for adjustments in the prices of our prescription drugs. That's it. Cut and dried, in the Agreement.

COMMITTEES OF THE AGREEMENT

One Nation has significant concerns about the Committees that operate within the parameters of this Agreement the problems with the PBS committee are well documented, most recently by the ABC's 4 Corners program. The Agriculture Committee, established under Article 3.2. is only established in very broad and generalised terms. Australians don't know when it will be established, what its terms of reference are, what its powers are, or whether the resolutions of the committee will be binding. There is a lot that will be decided behind closed doors.

CORPORATE LOBBYING

Multinational companies and peak business bodies in Australia want the free trade agreement and have lobbied for it. In Australia, they are represented by the Australia/US Free Trade Agreement (AUSTA) Business Group. It represents big business interests. News Corporation, Caterpillar, IBM, Southcorp, Visy Industries and Kellogg.

At the US end there is the American-Australian free Trade Agreement Coalition.

With 351 companies including: News Corporation, Caterpillar, IBM, Visy Industries USA and Westfield. Some of the same companies are lobbying the US and Australian governments at both ends of the spectrum.

Is there any overlap between the companies lobbying for the FTA and political donations past and present? A search of corporate donations on the AEC's website, shows there is. This is a worrying aspect. Has there been any undue political influence from donors in relation to FTA negotiations?

DFAT'S LOBBYISTS

The government appointed Bergner, Bockorney, Castagnetti, Hawkins and Brian firm to assist in preparations for negotiations of the FTA. The other company that was appointed was Mayer, Brown, Rowe and Maw, which serves 65 of the Fortune 100 companies, one out of every three U.S. banks.

Clients include Bank of America, Dow Chemical, General Electric, ICI, Morgan Stanley, Nestlé, Pfizer, Unilever and United Air Lines.

So, some of the biggest US companies are represented by these consultancy firms, and our government contracted them and paid them A\$614, 000 to help negotiate this agreement. Did the taxpayer get value for money?

MEDIA

Australians wonder why there has been little negative comment about the FTA from the commercial media, you have to wonder when News Corporation is a member of the business groups lobbying for the FTA at both ends.

A biased media is abuse of your human rights. People are up in arms when they see the human rights atrocities in Sudan, Rwanda and other parts of the world. I say to you today, there is little difference between the physical abuse being perpetrated in Africa than the psychological abuse of the Australian people by a biased media.

PRECAUTIONARY APPROACH

The Australian government takes great precautions to protect the lives of our citizens. We have greater domestic security – as a precaution. Airline marshals - as a precaution. Parliament has more security – as a precaution. but it takes no precautions to protect their livelihoods.

The precautionary approach does not apply to Free Trade. With Free Trade we throw caution to the wind. There isn't even a sunset clause in this Agreement. It's boots and all, regardless of the consequences. An agreement that is about exports - exporting Australian jobs and industry overseas.

An agreement for the US at the cost of Australian jobs, our cultural identity, our pharmaceutical benefits system, our family farms our manufacturing industry and our small businesses. An agreement inspired by big business, put together by big business, administered by big business for the benefit of big business.

RECOMMENDATIONS BY ONE NATION RELATING TO THE AUSTRALIA- US FREE TRADE AGREEMENT

Chapter 1 Establishment of Free Trade Area

One Nation has considered this chapter and is particularly concerned by Article 1.2 : General Definitions which states in part:

For the purposes of this Agreement, unless otherwise specified:

10. **GATS** means the *General Agreement on Trade in Services*, contained in Annex 1B to the WTO Agreement;

11. **GATT 1994** means the *General Agreement on Tariffs and Trade 1994*, contained in Annex 1A to the WTO Agreement;

22. **service supplied in the exercise of governmental authority** means any service which is supplied neither on a commercial basis, nor in competition with one or more service suppliers;

Article 1.2 General Definitions (22.) is identical to the definition in GATS. This definition in strictly legal terminology can possibly be enforced by the US enabling access to our hospitals, education (including teaching staff) , water, railways, law enforcement agencies (police), ownership of our national highways as all of these fall within the definition of not being exclusively provided by a government authority. Therefore, services provided by the Australian governments such as hospitals, education, transport are not excluded from this Agreement.

Recommendation 1.1

One Nation recommends that all services which are supplied in the exercise of a governmental authority

- (i) central, regional or local governments and authorities; and
- (ii) non-governmental bodies in the exercise of powers delegated by central, regional or local governments or authorities;

are excluded from the Australia- US Free Trade Agreement.

Chapter 2 National Treatment and Market Access for Goods

National treatment is a fundamental principle of free trade. It requires that imports be afforded 'no less favourable' treatment than domestic goods.

Recommendation 2.1

One Nation calls for specific exclusion of water from the National Treatment clause.

Recommendation 2.2

One Nation recommends that National Treatment and Most Favoured Nation status only apply for US companies that pay Company Tax in Australia.

Recommendation 2.3

Regarding Chapter 2, Article 2.3 Elimination of Customs Duties, One Nation recommends that no tariff reduction shall apply until a public consultative and evaluation process is initiated to evaluate the economic, social, cultural and environmental impacts of tariff reductions, including the financial impacts on government appropriations and receipts due to loss of employment and the cost shifting from taxpayers to social welfare recipients.

Recommendation 2.4

One Nation recommends that Article 2.3 (2) of the FTA will not apply where the public consultative and evaluation process in Recommendation 2.3 finds that the wellbeing of Australia's social, economic, cultural or environmental status would be jeopardised unless a protection tariff is introduced.

Recommendation 2.5

Regarding Annex 2-C – Pharmaceuticals 1. Agreed Principles, One Nation recommends that the following text be inserted:

(e) Nothing in this Agreement will preclude Australia from continuing, expanding, or altering measures necessary to ensure the continuance of Australia's pharmaceutical benefits scheme in its current form including improved access to generic pharmaceuticals.

Chapter 3 Agriculture

Under this agreement, all US agricultural imports into Australia - many of them grown on corporate farms which are heavily subsidised by the US government - will gain immediate duty-free access.

Recommendation 3.1

Regarding Article 3.1 : Multilateral Cooperation, One Nation recommends that the following text be inserted

3.1.(3) Nothing in this Agreement will preclude Australia from taking such actions or measures necessary to ensure the viability of rural and regional economies and the viability of the family farm.

Recommendation 3.2

One Nation recommends that tariff rate quotas should be structured to provide more protections for import-sensitive products.

Recommendation 3.3

One Nation recommends a request-and-offer tariff negotiating approach, as opposed to across-the-board zero-to-zero initiatives to ensure special protections for import-sensitive Australian products.

Recommendation 3.4

One Nation recommends exemptions from tariff phase-out should be negotiated for the most highly sensitive Australian agricultural products.

Recommendation 3.5

One Nation recommends improved Safeguard Measures to deliver temporary relief to injured, import-sensitive Australian Industries and improved safeguard provisions to provide relief against import surges. These provisions must allow only a specified quantity of a selected product to enter at zero duty rates. Higher tariffs should be automatically triggered when imports reach a specified level or volume.

Recommendation 3.6

One Nation recommends that Australia must have the ability to restrict imports for temporary periods if, after investigations carried out by competent authorities, it is established that imports are taking place in such increased quantities (either absolute or in relation to domestic production so as to cause serious injury to the domestic industry that produces like or directly competitive products.

Recommendation 3.7

One Nation recommends the implementation of a mechanism to cushion the effects of currency devaluation.

Recommendation 3.8

The FTA fails to establish a system for the prompt and effective resolution of private commercial disputes in agricultural trade. The absence of a formal system will become a problem for Australian producers, who will need a viable commercial dispute settlement mechanism to handle the unique marketing characteristics of perishable crops, particularly tropical fruits.

The Agriculture Committee, established under Article 3.2 is only established in very broad and generalised terms.

One Nation recommends that the Government clarify:

The membership of the committee and that the committee comprises at least two:

- Representatives from family farming
- Small business (businesses with less than ten employees) and
- Non government Consumers representatives
- Non government Environmental experts including one in Genetic Modification

And that the Government confirms:

- when the Committee will it be established
- Its terms of reference
- Its powers
- Whether resolutions of the committee will be binding

Chapter 4 Textiles and Apparel

Recommendation 4.1

One Nation recommends that nothing in this Agreement will preclude Australia from taking such actions or measures necessary to ensure the viability of the Australian textile, footwear, apparel and leather industries.

Recommendation 4.2

One Nation recommends that Australia retains the right to vary the rules of origin subject to consultation.

Recommendation 4.3

One Nation recommends that emergency action taken by Australia in relation to TCF industries may be maintained by Australia for more than two years with extensions and there be no limit after the commencement of the agreement under which emergency action can commence.

Chapter 5 – Rules of Origin

Recommendation 5.1

One Nation recommends that Australia retains the right to vary the rules of origin subject to consultation.

Chapter 7 Sanitary and Phytosanitary Measures

Recommendation 7.1

Regarding article Article 7.2 : Scope and Coverage One Nation recommends that the following text be inserted:

7.2 (3) Nothing in this Agreement will preclude Australia from taking such actions or measures necessary to ensure the protection of the environment, including assessing by public consultation the economic, social, cultural and environmental impacts of the adverse effects to the Australian environment or an imported product or produce.

Chapter 10 Cross-Border Trade in Services

Recommendation 10.1

Regarding Article 10.1 : Scope and Coverage, One Nation recommends that the following text be added:

4 (f) All services which are supplied in the exercise of a governmental authority

- (i) central, regional or local governments and authorities; and
- (ii) non-governmental bodies in the exercise of powers delegated by central, regional or local governments or authorities;

are excluded from the Australia- US Free Trade Agreement.

Chapter 11 Investment

Recommendation 11.1

One Nation recommends that nothing in this Agreement will preclude Australia from requiring the senior management of an enterprise or a majority of a board of directors be of a particular nationality.

Recommendation 11.2

One Nation recommends that nothing in this Agreement will preclude Australia from maintaining its national telecommunications body as a statutory body.

Chapter 14 Competition-Related Matters

Recommendation 14.1

One Nation recommends that nothing in this Agreement will preclude Australia from designating a monopoly or establishing, maintaining or allow a monopoly including a government monopoly enterprise.

Chapter 15 - Government Procurement

Recommendation 15.1

One Nation recommends that nothing in this Agreement will preclude Australian governments

- (i) central, regional or local governments and authorities; and
- (ii) non-governmental bodies in the exercise of powers delegated by central, regional or local governments or authorities;

from positive discrimination in favour of a local provider.

Chapter 16 - Electronic Commerce

Recommendation 16.1

One Nation recommends that nothing in this Agreement will preclude Australia from affording more favourable treatment on the basis of the nationality of the author, performer, producer, developer, or distributor of the products that are created, stored, transmitted within Australia's territory.

Chapter 17 - Intellectual Property Rights

Recommendation 17.1

One Nation recommends that nothing in this Agreement will preclude Australia from legislating to ensure that no additional financial burden or other restrictions as may be applicable to intellectual property rights is experienced by any person or entity embarking upon scientific development, research or experimentation.

Recommendation 17.2

Regarding Article 17.3 copyright, nothing in this Agreement will preclude Australia from ensuring its sovereign right to install all of those measures that are appropriate for the protection, preservation of our culture.

Recommendation 17.4

One Nation recommends that nothing in this agreement will preclude ownership and decision-making concerning cultural life being majority controlled by Australian interests.

Chapter 19 – Environment

Recommendation 19.1

One Nation recommends that nothing in this Agreement will require Australia to enter in, embark upon or be forced to participate in any activity, material or otherwise, detrimental to the Australian environment.

Chapter 21 - Institutional Arrangements and Dispute Settlement

Recommendation 20.1

One Nation recommends that the dispute settlement panel may, not to the detriment of Australia, suspend any benefit under the Agreement.

Chapter 22 - General Provisions and Exceptions

Recommendation 22.1

One Nation recommends that the Agreement shall not afford to any entity Australian or US, a general exception in taxation that is less than the burden of the equivalent Australian entity or person.

Chapter 23 - Final Provisions

Recommendation 23.1

One Nation recommends that nothing in this Agreement will preclude Australia from withdrawing from any or all provisions of the Agreement upon resolution of 50% plus 1 of the Australian population eligible to participate in a referendum.

Recommendation 23.2

One Nation recommends the inclusion of a sunset clause in the Text of the FTA and in all related enabling legislation relating to the FTA that is passed by the Federal Parliament, state or local governments.

Recommendation 23.3

One Nation recommends that the Senate be granted a conscience vote on all enabling legislation pertaining to the FTA.

Recommendation 23.4

One Nation recommends adoption of the Senate Foreign Affairs, Defence and Trade Committee recommendations, *Voting on trade The General Agreement on Trade in*

Services and an Australia-US Free Trade Agreement in relation to the process for parliamentary scrutiny and endorsement of proposed trade treaties:

- (a) Prior to making offers for further market liberalisation under any WTO Agreements, or commencing negotiations for bilateral or regional free trade agreements, the government shall table in both Houses of parliament a document setting out its priorities and objectives, including comprehensive information about the economic, regional, social, cultural, regulatory and environmental impacts which are expected to arise.
- (b) These documents shall be referred to the Joint Standing Committee on Foreign Affairs, Defence and Trade for examination by public hearing and report to the parliament within 90 days.
- (c) Both Houses of parliament will then consider the report of the Joint Standing Committee on Foreign Affairs, Defence and Trade, and vote on whether to endorse the government's proposal or not.
- (d) Once parliament has endorsed the proposal, negotiations may begin.
- (e) Once the negotiation process is complete, the government shall then table in parliament a package including the proposed treaty together with any legislation required to implement the treaty domestically.
- (f) The treaty and the implementing legislation are then voted on as a package, in an up or down vote, i.e., on the basis that the package is either accepted or rejected in its entirety.

