

Submission to the Senate Select Committee Inquiry into the Proposed Australia – US Free Trade Agreement

The Senate Select Committee on the USFTA
Parliament House
Canberra ACT 2600
Ph: (02) 6277 3163 Fax: (02) 6277 3830
Email: FTA@aph.gov.au

I believe the proposed US-Australia Free trade agreement is not in Australia's interests because it:

- weakens price controls on medicines by allowing drug companies to seek reviews of decisions by the Pharmaceutical Benefits Advisory Committee,
- eliminates the 15% tariff on auto components immediately and the specific tariffs on TCF and assembled cars in future years. This will immediately threaten the jobs of tens of thousands of Australian workers, concentrated in Adelaide and in regional Victoria. It threatens the jobs of over 100,000 manufacturing workers as companies respond to the new tariff outlook.
- sets up a new joint policy committee which gives the US government a voice in Australian medicines policy based on US trade policy, not on the Australian policy of access to medicines for all,
- limits Australian content rules for new forms of media, and allows the US government to challenge these rules as a barrier to trade,
- adopts US copyright law, leading to higher costs for libraries, schools and universities,
- "binds" or freezes many areas of state and local government regulation at existing levels and limits the ability of governments to make new laws and policies on essential services like water,
- limits the powers of the Foreign Investment Review Board to review investment in the national interest, so that 90% of US investment will not be reviewed,
- sets up joint committees based on US trade policy to give the US government a say in quarantine and regulation of food labelling, including GE food labelling,
- outlaws government purchasing policies that give preference to local products or require US contractors to form links with local firms to support local employment, and
- has a disputes process which enables the US government to challenge many Australian laws and regulations before a trade tribunal on the grounds that they are too burdensome for business or a barrier to trade.

The small economic benefits claimed by the government to flow from a Free Trade Agreement with the USA assumed full trade liberalisation in agriculture. However, you must recognise that with sugar excluded, the potential gains for dairy quite illusory, and beef products having to wait 18

years for full access, there is no economic benefit, only economic and social pain, for Australia in the proposed Agreement.

The response to this economic outcome by supporters of the Agreement – that no matter how bad the agreement is, it is good for us because it gives access to the world's leading economy – cannot withstand scrutiny.

Australia is already highly integrated with the US economy in goods, services and finance, and in education about business systems. This integration already produces a massive trade deficit with the US. Except for a few products and services of special significance, there is already virtual free trade and investment between the two economies. The supporters of greater integration are really calling for a widespread takeover of medium size Australian enterprises by US corporations, and this is facilitated by the new \$800 million threshold for Foreign Investment Review Board scrutiny of US investments under the proposed Agreement.

This development could only lead to significant closure of productive enterprises in Australia, and a greater outflow of revenues in dividends, royalties and interest, thus weakening our society in the medium to long term.

I urge your committee to find that this proposed treaty is not in Australia's interests and that it should be rejected.

Bob Phillips