

29th April 2004

The Secretary,
Select Committee on the Free Trade Agreement between Australia and
the United States of America Parliament House Canberra

Dear Secretary,

Please accept the following SUBMISSION to your inquiry into the US
Free Trade Agreement.

ANOTHER ATTEMPT

The Australian Government's "Senate Committee Report": "Voting on
trade" - The General Agreement on Trade in Services and an Australia-
US Free Trade Agreement ISBN 0642 71335 9 on the Free Trade Agreement
between Australia and the USA (USFTA) states
clearly: "Since a
Multilateral Agreement on International Investment and Trade could
not be put in place, we will want such an arrangement at least
between Australia and the USA" or words to that effect. From that
statement I understand that the proposed USFTA is just a repeat as
the failed MAI proposal with "bilateral" replacing "Multilateral".
This is a cynical exercise.

Since the MAI was rejected by many Australians as well as many people
in other nations, any similar attempts by the Australian Government
should be seen as personal ego-trips of the proponents.

There are many communications from Canada that tell of the NAFTA
agreement making deep inroads into the Canadian economy, causing
unemployment and hardship amongst Canadians. It effectively forces
Canada into a role subservient to the US corporate sector, a colony
of exploitation and a dump for US production.

A similar role for Australia as a consequence of this USFTA is deeply
resented.

USA FOREIGN DEBT

In the discussions surrounding the Free Trade Agreement with the USA,
America's rising foreign debt and the weakening US dollar have been
consistently ignored.

The Guardian, UK, Friday, September 19, 2003, reports that the
International Monetary Fund warned about the colossal United States
trade deficit, emphasising that the US dollar could collapse at any
moment. It reported the IMF stating that the US could not continue to
run a current account deficit of 5% of GDP, the consequence being the
inevitable slide in the dollar's value. That is likely to slow US
growth, and "unless other countries picked up the slack", the global
economy would suffer.

The USFTA achieves that Australia is being locked into "picking up
that slack". Our exports will most likely be paid for in US Treasury
Bonds, which cost the US nothing. Australia will finish up with trash
bonds. As long as the US Dollar remains the world's reserve currency,
there is no need for the United States to account for its debt. As
the US dollar loses value, Australia also loses out on proper returns
for its exports. Where those exports are coal, gas and minerals or of
produce grown under irrigation and by despoiling arable lands,

Australia as a nation suffers. All these exports constitute a MATERIAL loss of non-renewable resource stock for little real economic gain at all.

Australia being the strongest and per capita the richest of the nations naive enough to willingly underwrite the US debt, its economy will in consequence decline as the US economy suffers from its own mismanagement.

The USFTA appears to be a blatant attempt to extend American living-space, its "footprint", to include Australia. It is similar to Hitler's stated purpose when he entered the Soviet Union.

THE MYTH OF BENEFITS FROM FREE TRADE

Exports, particularly when produced with non-renewable resources and scarce river water are simply buying foreign exchange of shrinking value with highly valued Australian natural resources of increasing scarcity in this overpopulated world. Even our Federal parliamentary opposition has been reported as saying that foreign trade is to Australia's advantage. These are grave errors in understanding the physical reality of the situation.

The stated "benefits" to Australia are simplistically stated in a number of billions of dollars, while depriving the national economy of material resources needed for the future existence of Australia is blithely ignored.

PM John Howard has already locked Australia into the supply of massive quantities of natural gas to Japan and China. These deposits of nonrenewable fossil fuel reserves were justified by the large size of the deposits. However, those reserves have since been corrected downwards. Now it is proposed to sell more of these energy resources to the USA. It is an ill-conceived economic exercise that will cause future scarcity and the need for substitution of fuels and energy generation at much greater cost than natural gas.

This trade in basic and essential inputs to the Australian economy is making its own needs harder to meet, and it erodes the purchasing power of the Australian dollar. The export trade thus fuels local inflation and contributes to a drop in the value of the Australian dollar. That effect has not been included in the estimates of losses arising from the misconceived freeing up of trade.

THE EFFECTS OF GLOBALISATION

To connect the economies of the USA and Australia by the proposed FTA is undesirable. This is particularly so at this stage, given the belligerence of the US administration in the pursuit of the world's Islamic sector. It can only draw Australia into undesirable turmoil of world politics from which any future Federal government may not be able to extract this nation.

Economics may presently be at a point where further blind pursuit of its practices as expressed by a wish for low inflation and enhanced trade with the USA are detrimental to the local economy. The global turmoil triggered by the USA seems to have caused some global chaos for economies as well as global politics.

These effects of globalisation have received scarce attention. However, a greater rapprochement with our Asian neighbours and New

Zealand appears to hold greater promise of stability in this region than to lock our relatively small economy into a subservient role to the USA.

The USFTA is not in Australia's interest.

This treaty should be rejected out of hand as a cynical attempt by the USA to ease its own precarious economic and world political situation through leaning on Australia. The Prime Minister and his Ministers for Trade and for Foreign Affairs as well as the Australian negotiators should be held responsible for the consequences of wilfully ignoring the impacts from this agreement on Australia and its economic and political future.

Sincerely,

Gerhard Weissmann