Mr Chris Waters
30th April 2004

Secretary
Senate Select Committee on the Free Trade Agreement
between Australia and the United States of America
Suite S1.30.1
The Senate
Parliament House
Canberra ACT 2600
AUSTRALIA

Dear Sir

RE: A Submission in relation to the proposed Australia – United States Free Trade Agreement (FTA).

I am writing to you as I have serious concerns regarding Australia signing the free trade agreement with the United States.

I am in favour of unilateral trade agreements, although multilateral trade agreements or actions from the World Trade Organisation (WTO) would be preferable. I consider the FTA's with Singapore, New Zealand and Thailand as mutually beneficial for both countries.

However I am seriously concerned about the proposed FTA with the United States. In particular:

Quarantine Issues:
Will the proposed US-Australian discussion body on quarantine issues be truly independent, or increase US influence over Australia's scientifically based quarantine decisions?

The National Economy
How is the proposed deal likely to impact on Australia's AUD$9 billion trade deficit with the US, and on our overall national trade deficit?

The PBS
The deal involves new review procedures tied to the PBS decision-making process. Will these review procedures enable US drug companies to undermine the authority of the Pharmaceutical Benefits Advisory Committee (PBAC) in their campaign to have more US drugs subsidised with Australian taxpayers' money, and to eventually raise the price of US drugs?

Will tougher IP laws extending the life of patent monopolies reduce Australians' access to cheaper generic drugs? And how will these laws impact on Australian manufacturers of generic drugs?

Market Access

According to AUSTRADE, only 4% of Australian companies currently export, and of those that don't, only 2% have expressed interest in doing so in the future. Will the market access concessions gained under the deal be enough to encourage more Australian firms to export? If not, what will the government do to foster a stronger export culture in Australia, and to thereby help reduce Australia's trade deficit?

Given the Rule of Origin laws, what percentage of Australian manufactured products will actually qualify for market access concessions? Will the costs of compliance with the Rules of Origin Laws constitute a new trade barrier?

Will the improved market access provided under the agreement be countermanded by the new US bio-security laws, which will continue to apply to Australian exporters even under the terms of the FTA? Will the costs of compliance constitute a new trade barrier to Australian exports?

Investment

The majority of US investment in Australia over the past few years has been for the purchase of Australian firms and assets (i.e., the transfer of wealth from Australia to the US), not Greenfield investment that creates new wealth. Will the deal on the table - which exempts US firms from screening and local investment conditions - do anything to redress this imbalance?

Government Procurement

What are the likely costs of the compulsory abolition of Industry Development programs under the Government Procurement Agreement with the US?

US companies compete aggressively for government procurement contracts, often undercutting competitors' prices (with US government assistance) to secure contracts. How well positioned are Australian companies to compete with US firms in their own procurement market?

Yours sincerely

Chris Waters