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NEW LAMBTON SOUTH BRANCH

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Senate Select Committee on The Free Trade Agreement
between Australia and the United States
Parliament House,
CANBERRA.
Email: FTA@aph.gov.au

Dear Committee,

This branch agreed unanimously on the following resolution and requested Newcatle FEC for support, to which the Newcastle FEC has agreed. Members of New Lambton South Branch of the ALP write to express grave concerns about the Australia-US Free Trade Agreement negotiations and oppose legislative change to allow this agreement to be concluded.

The Howard government has entered into this agreement despite the fact that neither of the two studies on the AUSFTA project significant economic gains for Australia. The study by ACIL Consulting study predicts economic losses, while the Australian APEC Study Centre report predicts small economic gains, based on the assumption that all agricultural barriers to trade will be removed. In fact we now know that agricultural barriers have not been removed for Australia's trade.

Concern is mounting about the likely impact of the US-Australia Free Trade Agreement on Australia's national sovereignty and the ability of future federal and state governments to regulate in Australia's national interest. Australian National Research Economist Professor John Quiggan, for instance, finds little to commend the proposed agreement, at least considered in isolation. He says the agreement fails to address the major distortion in goods, and that its main adverse impact lies in areas that ought to be outside the scope of a trade agreement. The most notable being intellectual property. And he says no such agreement should be allowed to tie the hands of future governments.

The Senior Lecturer at the School of International Business at Queensland University of Technology, Mark McGovern, is scathing, calling the agreement "seriously flawed in design and detail," "against the national interest in several ways, including through direct and indirect diminution of Australian sovereignty and capacity," and "not only demonstrably and potentially injurious to a range of sectors, regions and arrangements

in Australia but also yielding of no likely net economic or other gain...it is surprising that such a poor proposal could have been initially agreed between supposed allies”, Mc Govern wrote.

In such a bilateral trade negotiation Australia is in a very weak bargaining position given the relative sizes of the US and Australian economies. This is confirmed by Australian APEC Study Centre paper in its statement that "A way of viewing the economic association from the US perspective is to see it as the addition of another medium sized state roughly equivalent in GDP to that of Pennsylvania" (Australian APEC Study Centre 2001 p 48).

We are deeply concerned that US negotiators and corporations have defined many Australian public policies as barriers to trade. We strongly support these policies and see them as expressions of Australia's economic and cultural independence. They should not be negotiated in a trade agreement. This is unacceptable and would endanger Australia's economic independence in our culture, access to essential services and health and safety. We are not reassured by the Ministers statement of March 3 that the negotiations will not impair the ability to "deliver fundamental objectives in health care, education, consumer protection and supporting Australian culture and identity". We now know the agreement contains restrictions on Australian content rules with Australian content capped at 55% on no more than 2 channels, or 20% of the total number of channels made available by a broadcaster up to only 3 channels. Free to air radio is capped at 25%. Public broadcasting is not excluded from the agreement.

Major targets of the US negotiators has included:

- The Foreign Investment Review Board, and requirements for minimum Australian ownership in some industries. Australia has such requirements through legislation in only a few strategic industries like the media, telecommunications, airlines and banking. The Foreign Investment Review Board has the power to review foreign investment in the national interest. Its discretion is very seldom exercised, but it is a power which the Australian government should retain. The Free Trade agreement states that US investment in Australia must be given 'national treatment', meaning it must be treated the same way as local investment.
- Essential services like health, education and water: The US wants US services firms to invest in these services. Australians have made the democratic decision that public regulation and often public provision of these services is required to ensure that there is equitable access to high quality essential services. Decisions about these issues are a matter of social policy and should not be in a trade agreement. For example, any Commonwealth regulations of water services will have to comply with the US Free Trade Agreement.
- Australian content rules in audio-visual media. These are a vital pillar of Australia's cultural identity and diversity which ensures that Australian voices are heard and Australian stories are told. Australia content fosters a local skills base which enables quality films and television programs to be made here. The removal of these rules would be an attack on Australia's culture and would also destroy a vital industry.

- The Pharmaceutical Benefits Scheme makes medicines more affordable to most Australians, especially those on low incomes. US pharmaceutical companies are seeking higher prices for medicines in Australia, which would make them unaffordable for many Australians. This is a vital health and social equity policy which should not be the subject of negotiations in a trade agreement.
- Labelling and regulation of genetically modified food: The US is the largest producer of food containing GMOs and lobbying by agribusiness companies has ensured that there is no US requirement for labelling to show GMO content in food. Australia has labelling requirements and a regulatory regime for GMO crops because there is an overwhelming desire by consumers to know whether food contains GMOs, so that they can make an informed choice. This is an attempt to remove the democratic right of informed choice from consumers and should be rejected.
- Australia's quarantine standards which the US alleges are used as a "means of restricting trade". Australia has relatively high quarantine standards because as an island country we are disease-free in some areas, and the impact of such diseases would be devastating. The government should not compromise these standards in trade negotiations
- Local preferences in government purchasing: the US is seeking abolition of some Federal and state government purchasing arrangements which ensure that smaller local firms have access to purchasing contracts, or require transnational companies with government purchasing contracts to develop relationships with local firms. These arrangements contribute to local jobs and economic development and should not be negotiated away in a trade agreement.

Yours for Labor

Suska Scobie,
Hon. Secretary.