

Additional Comments by the Australian Greens

Senator Kerry Nettle

1.1 The Australian Greens support the Committee's (majority) report and the recommendations included. There are two main areas where the Australian Greens have additional comments to make. The first relates to Treaties and the Parliamentary Process (Chapter 3) and the second relates to how we believe trade agreements should be negotiated.

1.2 In relation to Treaties and the Parliamentary Process, the Australian Greens support the discussion and recommendation laying out an alternative process for trade negotiations that greatly enhances the involvement of the parliament and the public.

1.3 In its submission the Australian Fair Trade and Investment Network (AFTINET) recommended that there 'be a specific Joint Standing Committee on Trade to deal with trade agreements and their environmental, social and economic impacts, which should allow adequate time for consultation and public hearings'¹. AFTINET supported this recommendation with argument about the amount of work that is carried out by the Joint Standing Committee on Foreign Affairs, Defence and Trade and how this impacts on the Committee's capacity to thoroughly focus on trade agreements. AFTINET points out that trade agreements now cover a wide range of issues and as such require a greater level of scrutiny than has been required in the past.

1.4 The Australian Greens support the suggestion from AFTINET as a mechanism for ensuring greater parliamentary and public scrutiny of trade agreements and therefore make the following recommendation.

Recommendation 1

1.5 The Australian Greens recommend that the Joint Standing Committee on Foreign Affairs, Defence and Trade be split into two committees, the Joint Standing Committee on Foreign Affairs and Defence and the Joint Standing Committee on Trade to allow greater scrutiny of trade agreements.

1.6 The Australian Greens share the concerns of a number of submitters, and the Committee, as outlined in the majority report (Chapters 2 and 6), relating to bilateral trading agreements and their ability to undermine the multilateral trading fora. Vocal proponents of trade liberalisation have voiced concerns about the policy of pursuing bilateral trading agreements:

.... a competitive scramble to form as many bilateral FTAs between pairs of countries around the world distracts attention from the main game – the

1 *Submission 42* (Australian Fair Trade and Investment Network)

multilateral reduction of barriers. FTAs do suffer from the problem that they are discriminatory and weaken the principal of non-discrimination that underpins the GATT.²

1.7 The Australian Greens have concerns about the discrimination that is occurring in the implementation of multilateral agreements such as those administered by the WTO and these issues are addressed in the main report.

1.8 The Australian Government claims that farmers, particularly in the beef, sugar and dairy industries, will benefit from reduced tariffs and increased import quotas in the US. However, US farmers are among the most highly subsidised in the world. A bill was passed in the US only last year which increased existing subsidies and guaranteed them to the US farmers for the next six years. US domestic agriculture subsidies are not being addressed in the Australia-US Free Trade Agreement. The multilateral framework is the forum for discussing these subsidies.

I certainly am very prepared to indicate today that the negotiations with the US are not about seeking reductions in Farm Bill domestic subsidies. That is beyond the scope of the negotiations... There are clearly some ambitions on export subsidies but not on overall reductions or the elimination of export subsidies as part of the FTA. Again, that is a bridge too far. That is for the multilateral processes.³

1.9 Whilst these agricultural subsidies exist Australian exporters are competing in the US market at a disadvantage. They will be then further disadvantaged if the government trades away our quarantine regulations, GE regulations and the single desk export marketing system in a compromise deal with the US.

1.10 The Australian Greens do not think that it is politically wise to tie national security to trade agreements. Both governments have openly linked Australia-US Free Trade Agreement with their security/military alliance. The Committee found that:

The harmonising of trade and security relationships is something that must be approached with considerable caution. There have been instances in the past where discriminatory trade action by the US – especially in relation to agriculture – has led to strong domestic calls for retaliatory action on the security front...Such controversies are best avoided. (Chapter 6)

1.11 Linking a trade agreement with national security issues threatens Australian independence in setting both domestic and foreign policy. The Australian Greens support the view of the Australian Council of Trade Unions that it creates the perception that we are a dependent client state of the US and could damage trade and diplomatic relationships with other countries, especially those in our region.⁴ To link

2 Centre for International Economics, Australia-United States Free Trade Agreement: Comments on the ACIL Report (Sydney) March 2003, p. 12.

3 *Committee Hansard*, 2 October 2003, pp. 477-479 (Deady, DFAT)

4 *Submission 125*, p. 2 (ACTU)

issues in this way jeopardises our national security by tying it to the insecurity and conflict inherent in international trading agreements.

1.12 Ultimately the Australian Greens believe that the risk posed by the Australia-US Free Trade Agreement to the provision of public services, investment rules, and the ability of the government to regulate in the future for new or emerging technologies is too high. The Australian Greens concur with studies that point to there being no economic benefits to Australia. Put simply the Australian Greens see no reason why the negotiations should continue.

Recommendation 2

1.13 The Australian Greens recommend that the government cease the current negotiations for an Australia-US Free Trade Agreement.

1.14 Instead, the Australian Greens believe that both the framework for the development of international trading agreements and their objectives need to be redirected and reshaped to accommodate a broader mandate which includes many policy objectives other than simply increasing trade or national GDP. As addressed in the majority report (Chapter 2, in the section titled trade for development and poverty reduction) the focus on increasing the aggregate wealth of a nation through trade and investment can undermine developmental and poverty alleviation goals of many countries in the majority world.

1.15 The Australian Greens share the concerns of submitters to the Committee⁵ that international trade agreements have effectively forced countries into a regulatory and legislative race to the bottom as countries are bound by the agreement to the ‘lowest common denominator’⁶ of environmental, social, labour and human rights laws. Rather than aspiring to the lowest common denominator outcome during trade negotiations, Australia should be working towards social justice, environmental and human rights objectives through our trade negotiations. It is on this basis that we make our final recommendation.

Recommendation 3

1.16 The Australian Greens recommend that all trading agreements are negotiated in a multilateral forum based on the principles of social justice, stringent environmental standards, human rights and international labour laws. These negotiations must occur in a transparent and accountable way.

Senator Kerry Nettle
Australian Greens

5 *Submission 159* (Greenpeace Australia Pacific), *Submission 24* (Australian Conservation Foundation), *Submission 42* (Australian Fair Trade and Investment Network)

6 *Submission 159*, p. 2 (Greenpeace Australia Pacific)

