



Australian Manufacturing Workers' Union (AMWU)

Level 2, 251 Queensberry St
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Foreign Affairs, Defence and Trade Committee
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600

Via email: fadt.sen@aph.gov.au

12 February, 2014.

Dear Senators,

Re: *Fair Trade (Workers' Rights) Bill 2013*

The “Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union”, known as the Australian Manufacturing Workers' Union (AMWU) represents around 100,000 members working across major sectors of the Australian economy, in the manufacturing sectors of vehicle building and parts supply, engineering, printing and paper products and food manufacture. Our members are engaged in maintenance services work across all industry sectors. We cover many employees throughout the resources sector, mining, aviation, aerospace and building and construction industries. We also cover members in the technical and supervisory occupations in engineering and across diverse industries including food technology and construction. The AMWU has members at all skill levels and classifications from entry level to degree.

We welcome the opportunity to make this submission to the Foreign Affairs, Defence and Trade Committee in relation to the *Fair Trade (Workers' Rights) Bill 2013*.

We support the submissions of the Australian Council of Trade Unions with whom we are affiliated, and AFTINET, of which we are a member. The essence of those submissions is that enforceable commitments to protect and promote labour rights should be included in all trade agreements negotiated by the Australian Government. As such, they are supportive of the Fair Trade Bill.

We support the principle that “the primary objective of all trade negotiations should be to raise living standards and make a positive difference in the lives of working people in accordance with principles of sustainable development.”¹ In addition, the AMWU has long advocated for fair trade which is a principle that goes to the core of the proposed Bill, not an abstract notion of free trade which never corresponds to outcomes in the real world. Indeed, the AMWU has argued that trade agreements should be multilateral rather than bilateral,

¹ Submission 3 – Fair Trade (Workers Rights) Bill 2013.

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since bilateral FTAs serve to divert trade rather than provide a global level trade playing field. This position is supported by the Productivity Commission.²

The issue of international labour rights and free trade is particularly significant to the manufacturing industry at the current time. The pressures facing the Australian manufacturing industry are well-established. A confluence of factors, including an inflated currency, the rapid pace of technological changes and insufficient investment by firms and government over much of the past decade and a half, have led to over 125,000 manufacturing jobs being shed since the Global Financial Crisis. Industries such as printing, food and vehicle manufacture have been hit especially hard, while iconic Australian companies such as Rosella and Holden have made the decision to close their doors. With a further 85,000 jobs predicted to be lost in the coming years, the AMWU strongly supports legislation which will contribute to levelling the uneven international trade playing field faced by our manufacturers.

Trade conditions, and in particular the lack of a level playing field with respect to labour rights, is one of the most significant pressures faced by the Australian manufacturing industry. Our manufacturers are highly trade-exposed. They are forced to compete against imported goods in the domestic and international market, many of which originate in countries with little or no labour regulation. This puts them at a competitive disadvantage which undermines our trade relationships.

Processed fruit and vegetables, for example, are imported from countries where labour costs, due in part to a lack of commitment to and enforcement of labour standards, make up a far smaller proportion of overall production costs. As a consequence, companies like SPC Ardmona struggle to compete for sales, despite the superior quality of their locally-made product.

If our nation is committed to respecting labour rights and improving living standards in our own country³, then we should not engage in a “race to the bottom” with respect to wages and labour standards in order to gain a competitive edge over foreign producers. Labour standards represent fundamental rights to dignity, security and safety at work and these standards should be universally recognised and adopted, as in accordance to International Labour Organization (ILO) conventions which Australia recognises. Instead, trade agreements should be negotiated with the purpose of bringing an improvement in labour standards internationally as well as increased trade. This serves the dual purpose of ensuring improved working conditions for all people, as well as removing the inequality in labour standards which currently operates effectively as a subsidy to nations which fail to meet international obligations. In essence, creating an incentive for our trading partners to improve labour standards for their own people will also ensure a fairer trading system and fairer outcomes for our industries and our economy.

² For example, see: <http://www.pc.gov.au/projects/study/trade-agreements/report>

³ This is taken as an obvious truth by the union movement and the vast majority of Australians, but the current Government’s behavior leaves the question of its commitment to these goals very much in doubt.

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For these reasons the AMWU supports the bill and its overriding objective, namely “to encourage Australia’s trading partners to ensure that workers in their country are protected by certain internationally accepted minimum standards about workers’ rights.”⁴

Furthermore, we endorse the principles outlined in the ACTU’s submission for negotiating a comprehensive labour chapter in trade agreements to which Australia intends to be bound.

In particular, we emphasise the necessity for the inclusion of an enforcement mechanism for the labour rights provisions of all trade agreements. There should be enforcement parity between the labour and commercial obligations contained in any agreement made by the Australian Government.

The key principles which should inform the development of an enforcement mechanism which would build upon the work of the Anti-Dumping Commissioner and the International Trade Remedies Forum must include:

- that the labour rights provisions of a trade agreement be subject to the general (i.e. government-to-government) dispute process of the agreement;
- that there be a process for receiving complaints from interested organisations that believe a trading partner is not fulfilling its obligations with respect to labour rights;
- that there be an investigative process that involves the relevant trade unions;
- that remedies should be, in the first place, targeted at the tariff lines which correspond with the non-compliant industries; and
- that the enforcement mechanism require that trading partners adopt a consultative approach to the resolution of grievances. In particular, allowance should be made for developing nations which may need assistance in meeting their obligations. A balance must be struck - the goal is to create an incentive for our trading partners to improve working conditions in their countries, not to create a disincentive to enter agreements with us.

The Australian manufacturing industry – and, consequently, the one million Australians it employs - is in serious strife. This Government made a commitment prior to coming into office that it would create a million jobs for Australians and that it wanted Australia to remain a country that makes things. Instead all we have seen is jobs being lost and factories closing their doors because of a number of factors. Included in these factors is the fact that our manufacturers cannot afford to compete to with imports originating in countries with lax labour standards.

This bill should be supported not only to encourage other nations to respect, promote and realise the fundamental principles of the *ILO Declaration on Fundamental Principles and Rights at Work*, but also in order to help sustain and grow Australian industries and ensure fairness for Australian workers.

⁴ Fair Trade (Workers’ Rights) Bill 2013 (Cth), s3.