

**Submission to the Joint Standing
Committee on Treaties**

**Inquiry in to the Australia US Free
Trade Agreement (USFTA)**

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Submission to the Joint Standing Committee on Treaties **Inquiry in to the Australia US Free Trade Agreement (USFTA)**

I believe the proposed US-Australia Free Trade Agreement (USFTA) is not in Australia's interests. I have outlined general and specific areas of concern and urge you not to support the agreement on the basis that the USFTA:

- adopts a government-to-government style dispute process which limits democratic debate, while also linking trade and security policies;
- weakens governments' right to regulate services and investment, and treats essential services as tariffs bound at current levels subject to be challenged if increased;
- weakens Australia's ability to control prices of medicines, and may adversely affect the standards of blood plasma products;
- undermines quarantine and food labelling standards, as well as environmental policies
- places restrictions on future Australian content in new media and extends copyright laws without adopting generous rules for educational copying

I am not impressed that, despite the significant impact the USFTA will have on important areas of social policy, the public was not notified of any details of the proposed agreement until after the text was published.

General areas of concern:

*** There are little or no clear economic benefits**

The predicted economic gains for Australia are dependent on the assumptions of the economic models, which do not include any effects due to unemployment (they usually assume perfect labour motility). In addition, any predicted gains for the Australian economy are small and contingent on the removal of key US trade barriers in agriculture. However, the USFTA does not include access for Australian farmers to the US sugar market, and beef and dairy tariff reductions are to be phased in over 18 years. This is unfair and highlights our weak bargaining power relative to the US'. Even if the US removed all tariffs on (say) dairy products immediately, the amount Australia could realistically export to the US would have a negligible impact on the US dairy market. The USFTA supports US protectionism.

Bilateral negotiations of this kind will result in a diversion of trade from other key trading partners; exceeding the benefits resulting from an increase in trade from the US. I strongly believe Australia seeks to gain more from multilateral trade negotiations through the WTO, which guarantee the interests of less powerful nations and regulates corporate influence.

Any deal must deliver significant benefits to Australia in agriculture, and in a reasonable amount of time. It must not undermine access to our major export markets in Asia, or the WTO and APEC.

- **The linking of trade policy and security is a bad idea**

We are an independent country with our own trade and foreign policy, which has enabled us to build a positive relationship with other countries in our region. While the USFTA may deepen strategic ties with the US, this could be at the expense of our regional interests as it poses a threat to the continued independence of Australia's foreign policy.

- **The USFTA will negatively impact on the ability of governments to regulate**

I am concerned about how the Agreement will restrict the ability of governments to regulate in the public interest, especially in areas of essential services. The US will be able to challenge Australian social policy deemed to be inconsistent with the agreement - without necessarily any input from the public. In addition, there is an opening for the development of processes allowing corporations to challenge laws or sue governments. In general, I do not support any increased US influence on law and policy making. I fail to understand how the establishment of joint Australian-US committees in key areas such as health, quarantine and technical standards, which would effectively prioritise US trade interests over other social policy criteria, could be in our national interest.

The following points highlight specific objections:

- The 'negative list' structure applied to services and investment means all laws and policies are affected unless they are stated as reservations. However, new services or areas of investment are automatically subject to the agreement. This restricts the ability of the government to respond to new developments.
- The classification of reservations into the 2 annexes, 'stand-still' or 'carve-out', are restrictive and vague.
- US investment would not be subject to review in many instances.
- The definition of 'services' is flawed, as many public services in Australia are supplied on a commercial or competitive basis. This could mean services such as education, energy or water are influenced by the agreement.

Any trade agreement must exclude essential public services.

Specific areas of concern:

PBS & Commonwealth Serum Laboratories

Pharmaceutical companies should not be allowed to influence the Pharmaceutical Benefits Advisory Committee before its decisions, to try and persuade them to list new drugs or to adjust the price of a drug. This prioritises the commercial interests of US pharmaceutical manufacturers above maintaining affordable access to medicines for all Australians. There may also be delays in the access to generic drugs due to proposed changes to patent Laws. Even US Congress recognised that the inclusion of Pharmaceuticals in the FTA will greatly restrict public health policy making in Australia, so why doesn't our Government recognise this important point? In addition, the trade criteria impose undesirable restrictions on the safety and quality requirements that Australia can place on suppliers of blood plasma products.

Quarantine, GE labelling, environmental policy

The direct input of the US Government and US companies into Australia's laws and policies on these issues is unacceptable. As a scientist, I strongly believe that laws concerning quarantine regulations, GE labelling and the protection of the environment must be made on a scientific basis, rather than to facilitate trade. These issues are separate issues to trade. The government should not compromise Australia's high standards of quarantine in trade negotiations.

As a consumer, I have the right to know whether food contains GE products or not, as the long-term effect of consuming GE products have not been researched thoroughly in humans.

Article 19.4 inappropriately states that both countries will encourage the development of 'flexible, voluntary and market-based mechanisms' for environmental protection. This statement should be removed.

Extension of copyright laws

This will lead to increased costs for libraries and educational bodies. If we are to extend the copyright laws, why not also adopt the more generous rules the US has for copying for educational purposes?

Australian content in flim, TV and music

I disagree that the level of Australian content in film, TV and music should be capped. Also, by not excluding the public broadcasters from the agreement, the regulation of public broadcasting could be affected. The FTA must not undermine the capacity of the Government to protect Australian culture.

In conclusion:

It is clear that the proposed USFTA is NOT in our national interest. I strongly recommend that the agreement should not be endorsed by cabinet.