

Growth and Social Justice via Fair Trade

Developments since Congress 2009

There have been a number of developments in international trade over the last three years.

Since 2009, the Australian Government has launched negotiations for free trade agreements (“FTAs”) with India, Korea, Malaysia, Indonesia and the Pacific Islands. Negotiations have also progressed on the Trans Pacific Partnership Agreement (an agreement between nine countries including Australia and the US). In addition, the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA) was signed in 2009. These agreements extend beyond liberalising trade in goods and services. They are comprehensive economic cooperation agreements which cover a wide range of matters including investment, financial services, procurement, state-owned enterprises, regulatory coherence and so forth.

Following a concerted campaign by unions, the federal government introduced legislation in 2011 to improve the efficiency and effectiveness of Australia’s anti-dumping regime. The *Anti-Dumping Bill 2011* provided for more customs staff assigned to work on anti-dumping, more investigations into dumping, and improvements to the appeals process. This will help to ensure that large businesses are unable to flood the Australian market with artificially low-priced goods undermining the competitiveness of local industries.

Key issues

Since multilateral trade negotiations – called the Doha Development Round – have stalled, there has been a shift by the government (and many other countries) to negotiating regional and bilateral arrangements. Currently, Australia has six FTAs in force with New Zealand, Singapore, Thailand, the United States, Chile and ASEAN. This accounts for 28% of Australia’s total trade market. In addition, nine more FTAs are currently being negotiated, including with China, Japan, South Korea and Malaysia. If negotiations are completed on each, agreements will cover 72% of Australia’s total trade.

International trade can have significant benefits. Trade negotiations typically involve, trade partners agreeing to cut tariffs and lower other administrative barriers in order to reduce costs and make it easier for partners to trade with each other. In the Asia-Pacific region, which accounts for 70% of Australia’s international trade, over the past

25 years countries have reduced tariffs from more than 25% to around five per cent.¹ This has corresponded with a significant increase in regional trade.

It is important to note that analysis by the Productivity Commission in 2010 found that 'the benefits of trade liberalisation are greatest [to Australia] if the liberalisation is undertaken on a multilateral basis'. Furthermore the Commission found that 'the potential impact [of bilateral and regional trade agreements] is limited' and 'that once account is taken of the offsetting effects of trade creation and trade diversion, the resulting changes in economic activity and income are likely to be small'.

The global financial crisis (GFC) and corresponding rise in the value of the Australian dollar has led to a decrease in the number and value of Australia's exports, with export values falling by 11% from 2008-09 to 2009-10. This is a challenge for the manufacturing sector, with a review by the National Institute of Economic and Industry Research finding that FTAs have led to a net production loss by the Australian manufacturing industry of between \$2.6 billion and \$2.9 billion².

The mining, manufacturing, and wholesaling sectors account for 48%, 22% and 12% respectively of Australia's total export value.³

Although trade is an important contributor to growth and jobs in the Australian economy, unions are aware that trade liberalisation does not benefit all countries and industries equally. There can be real social costs involved when trade agreements allow unfettered access to land, resources, markets and labour, without consideration of how the benefits of these resources are distributed equitably, and particularly to the poorest and marginalised members of society.

Therefore trade agreements must be based on principles of fairness and social justice if it is to lead to improved living standards among all sections of society. All trade negotiations should consider the impacts of trade on labour standards and working conditions among those affected. Furthermore, trade should not be at the expense of the environment.

The provisions of trade agreements must not negatively impact on the Australian Government's capacity to provide essential public services, such as health care, public transport or education. In particular, trade agreements should not include provisions that enable corporations to sue governments for actual harm or potential imminent harm resulting from local, state or federal government policy and regulation. This undermines the role of governments – as well as the democratic process – in policymaking in areas such as environmental protection, public health, culture and the economy.

In order to ensure that our economic priorities are evenly balanced with the needs of Australian workers and communities, the Australian Government should improve transparency around negotiations and commit to including unions in consultation around trade negotiations.

¹ Productivity Commission 2010, p.41

² Australian Manufacturing Workers Union, 'Submission to the Review of Export Policies and Programmes', <http://www.dfat.gov.au/trade/export_review/submissions_received/AustralianMetalWorkersUnion.pdf>, (accessed 3 May 2012), May 2008.

³ 5368.0.55.006 - Characteristics of Australian Exporters, 2009-10

Agenda 2012-2015

Trade unions will continue to take an active interest in international trade negotiations over the next three years. In particular, the policy provides that unions will advocate for:

- The inclusion of enforceable labour rights in all trade agreements negotiated by the government, including in the current Trans Pacific Partnership Agreement negotiations;
- Trade negotiations that uphold the role of government in domestic decision making and the provision of essential goods and services;
- The exclusion of provisions that enable foreign corporations to sue governments when changes are made to domestic policy and regulations;
- Trade negotiations that do not undermine the role of the pharmaceutical benefits scheme in providing affordable prescription medicines and hence the maintenance of public health in Australia;
- The development of impact assessments on existing trade agreements, so that we can better understand the positive and negative impacts of trade on workers and societies and comprehensive analysis of the impact of proposed trade agreements prior to the conclusion of negotiations;
- Improved transparency and civil society participation in trade negotiations;
- Reform of the World Trade Organisation, to facilitate a pathway that overcomes the current impasse in the Doha Round of negotiations and the benefit to workers, society and the environment is at the centre of negotiated outcomes;
- The establishment of a Labour Forum at the Asia-Pacific Economic Cooperation (APEC) forum, to bring a worker's perspective to the regional agenda.