



AFTINET BULLETIN: June 2016

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Introduction

Welcome to the June edition of AFTINET's regular Bulletin.

In this edition you will find our analysis of four of the major parties' trade policies and an election scorecard.

This month the Labor party released a more detailed, positive [trade policy](#) – which shows the impact of our community campaigning. Currently trade negotiating texts are secret and we don't see the deal until after it is signed. The ALP has promised to increase transparency of trade negotiations by releasing draft negotiating texts and tabling the final text in parliament before it is signed. They will not support ISDS in new agreements. They will also review ISDS arrangements in existing trade agreements and will reintroduce market testing for skilled local workers.

We welcome this election policy. However it remains to be seen whether or not the ALP will actually vote against the TPP's implementing legislation. We will need to continue to campaign for this both during the election campaign and after the election.

In other major trade news this month, a *Fairfax media* investigation has exposed that temporary skilled workers brought to Australia under the China FTA were given bogus health and safety training and were paid less than the minimum wage. The Coalition has also been exposed for secretly negotiating yet another commitment to ISDS – this time seeking to add ISDS to the Japan FTA.

Read on for more information on all of these stories as well as some ideas for how you can take action as the election campaign progresses.

Election 2016: Trade policy comparison

AFTINET has examined policy documents, public statements and past records to put together a scorecard and analysis comparing the trade policies of the major parties.

Here's how their trade policies stack up in terms of corporate rights, human rights, the environment, labour rights, transparency and the TPP.



Liberal-National Coalition ★☆☆☆☆

The Coalition's track record on trade is clear.

Since being elected, the Abbott and Turnbull Governments have agreed to include investor rights to [sue governments](#) (ISDS) in trade agreements with China and Korea as well as in the massive Trans-Pacific Partnership deal. Because the US is part of the TPP, this opens up Australia for the first time to being sued by powerful US-based companies if they can argue that future laws or policies could harm their investment. US companies are the most frequent users of ISDS.

While former Trade Minister Andrew Robb did not agree to legislative change on medicines in the TPP, he did agree to implement “other measures” which will have the effect of extending monopolies on expensive biologics medicines – potentially costing our health system [hundreds of millions](#) for each year of delay in access to cheaper forms of these medicines.

The current Coalition Government’s [trade and investment policy](#) contains no statements on the inclusion of enforceable labour rights in trade deals. But its practice shows it is not a priority. The Japan FTA and China FTAs do not have any chapters on labour rights at all. The Korea FTA has a chapter containing weak labour standards, but none are enforceable. The TPP has a more extensive chapter, but the standards have many gaps and many of them are not effectively enforceable. For example, there is no legally binding commitment to end forced and child labour.

The Coalition has also agreed to remove local labour market testing to ensure that local workers are not available before employment of temporary migrant workers in the Korea and China FTAs and in the TPP. The China FTA also allows unlimited numbers of temporary Chinese workers to be imported for large projects. These projects can have conditions for these workers that could potentially undercut local wages and conditions. While Labor was able to negotiate some protections they may not be sufficient to ensure that workers are not exploited.

The Coalition government has made no policy statements on the inclusion of enforceable environmental standards in trade agreements. But again its practice shows this is not a priority. The Japan FTA and China FTA do not have any chapters on environmental standards. The Korea FTA has a chapter containing weak standards, none of which are enforceable. The TPP has an environment chapter, but the standards are weak and only one of them is effectively enforceable.

On transparency, not only does the Coalition [justify](#) the highly secretive negotiations process for trade agreements until after they are signed, but they also refused to commission an independent study of the TPP even after its text was released. This is despite it being the biggest trade deal in history, and despite [calls](#) from a wide range of stakeholders including AFTINET.

In summary, a vote for the Liberal National Coalition is a vote for more of the same trade policies: policies that set rules for global corporations at the expense of people and the environment.

You can read more on the [TPP](#), [ChAFTA](#) and [KAFTA](#) by following the links.

Australian Labor Party ★★★★★☆

Labor has a detailed [trade policy platform](#) (from page 23) and a shorter [election trade policy](#) which commits the party to global trade agreements but says the benefits of trade can and must be shared fairly, both at home and abroad.

The shorter election policy commits to greater transparency by releasing draft negotiating texts and tabling the final text in parliament before it is signed. In addition to opposing ISDS in future trade agreements, the policy promises to review all current ISDS clauses in Australian trade agreements.

The election policy supports both permanent and temporary skilled migration, but states that that temporary skilled migration policies should address labour market shortages, and promises to use labour market testing to ensure that local workers are not available. The policy opposes removing labour market testing through trade agreements. It also advocates specific measures to protect the rights of temporary skilled workers who are vulnerable to exploitation

The longer policy platform supports enforceable labour rights and environmental standards in all trade agreements, and opposes any changes to Australia's health system through trade agreements. It opposes extended intellectual property rights on medicines and copyright at the expense of consumers. It also supports enforceable labour rights and environmental standards in all trade agreements.

While Labor's policy has many positive features, it loses a star because of its record on voting on the implementing legislation of trade deals. In the case of the China FTA, while it did attempt to protect the rights of vulnerable temporary migrant workers through amendments to the regulations of the Migration Act, it still voted to pass the legislation for the whole agreement, which included ISDS. It remains to be seen how effective the Migration Act regulation amendments will be. Labor also voted for the implementing legislation of the Korea FTA which included ISDS.

Labor has not yet made a clear statement on its voting intentions on the TPP's implementing legislation. The TPP does not meet Labor's policy standards, and we will continue to campaign for the party to implement its own policy and vote against the implementing legislation.

Australian Greens ★★★★★

The Greens have historically approached international trade with the core principles of fairness and democracy and a strong focus on the need to assist developing countries.

The Greens have a strong record of opposing trade deals which they do not consider to be in the public interest.

They have consistently [opposed ISDS](#), including by introducing a bill to ban ISDS in trade agreements.

They oppose stronger monopoly rights for medicines and stronger copyright protections at the expense of consumers. They have supported [greater trade transparency](#) and a better treaty-making process. They have been strong opponents of the [TPP](#).

The Greens opposed the implementing legislation for the China and Korea FTAs, which contained ISDS.

The Greens have publicly committed to [voting against](#) the TPP's implementing legislation.

Nick Xenophon ★★★★★

Senator for South Australia Nick Xenophon has been [outspoken on trade deals](#), including the impact of the Japan, Korea and China FTAs on manufacturing jobs. He has consistently opposed the TPP because it contains ISDS extensions of monopolies on medicines, and restricts local content in government procurement. He has been particularly strong in [calling for trade transparency](#).

SNAPSHOT

	Liberal	Labor	Greens	Xenophon
Opposes foreign investor rights to sue Governments (ISDS)	No	Yes	Yes	Yes
Opposes stronger medicine and copyright monopolies	No	Yes	Yes	Yes
Supports enforceable labour rights	No	Yes	Yes	Yes
Supports enforceable environmental protections	No	Yes	Yes	Yes
Supports labour market testing	No	Yes	Yes	Yes
Supports release of draft texts and final texts before signing	No	Yes	Yes	Yes
Has committed to vote against the TPP's implementing legislation	No	Not decided	Yes	Yes

Former UN official says claimed TPP benefits 'bogus'

Former UN official, [Dr Jomo Kwame Sunderarm](#) told [ABC Radio National](#) that the claimed economic benefits from the TPP were based on studies which ignored employment effects and other costs including the cost of increased medicine monopolies and the cost of foreign investor rights to sue governments.

He also spoke at a successful public forum in Sydney, hosted by AFTINET. You can read his opinion piece below.

The Bogus Case for the TPP

By Dr Jomo Kwame Sundaram

While the main US [motivation](#) for the Trans Pacific Partnership (TPP) has been to counter China's influence in the region, it has also been used to undermine trade multilateralism. At the World Trade Organization (WTO) ministerial meeting in Nairobi last December, the TPP was touted as a 'gold standard' 21st century trade deal to replace the Doha 'Development' Round of trade negotiations. Heavily influenced by US corporate interests, it will not be accepted by most developing countries.

Modest trade gains

Despite claims that it will promote economic growth, US studies so far project negligible growth gains from TPP trade liberalisation. The May 2016 US International Trade Commission's TPP [report](#) for the US Congress estimates very small 0.15 per cent economic growth gain for the US by 2032, almost 17 years from now.

TPP supporters cite economic modelling by the Peterson Institute of International Economics (PIIE). An updated version was used for a study published by the [World Bank](#) in January 2016. This produced a result of greater, but still modest additional US growth of 1.1 per cent after 15 years. But this was achieved by claiming huge gains from non-trade measures with no bases in economic theory, accepted methodology or evidence.

However, the study found much smaller economic growth gains for Australia of just 0.7 per cent by the year 2030 -- an annual boost to growth of less than half of a tenth of one per cent.

Dubious cost-benefit analyses

Gains should be compared against costs, but the PIIE-World Bank study understates costs and risks, while exaggerating benefits. Very diverse TPP provisions were fed into a trade model as cost reductions, with little consideration of downside risks and costs.

For example, provisions to strengthen, broaden and extend intellectual property rights on medicines and copyright become cost reductions that will increase the trade in services, ignoring costs to consumers and governments. Provisions allowing foreign investors to sue governments in private tribunals, and those undermining national regulations, become trade-promoting cost reductions, ignoring the costs and risks of bypassing national regulations and taxation.

Thus, the PIIE-World Bank study greatly overstates benefits from the TPP. But even these exaggerated gains remain modest, and will need to be revised downwards as many such projections have never been realized. While projected trade benefits will take time, major risks and costs will be more immediate.

Also, any contribution of the TPP to unemployment and workers' incomes is precluded by assuming that all economies constantly have full employment while income distribution, trade and fiscal balances remain unchanged over time. If the modest TPP gains mainly go to

a few big, often foreign businesses, with losses borne by others -- workers, consumers or tax payers -- the TPP would worsen inequality.

Net gain or loss?

A [Tufts University](#) study, which I co-authored, using a macroeconomic policy model with more realistic specifications, found more modest growth, net job losses, greater pressure on wages, declining labour shares of income and greater income inequality to be likely outcomes of the TPP. The projections for Australia after a decade included a modest economic growth gain of 0.87%, but the loss of 39,000 jobs.

The TPP redefines the role of government much more than needed to liberalise trade. TPP 'disciplines' will significantly constrain the policy space needed for governments to accelerate economic transformation and to protect the public and national interest.

The TPP's investor state dispute settlement (ISDS) provisions will enable foreign investors to sue a government in an offshore tribunal by claiming that new policy or regulations reduce their expected future profits, even if such regulations are in the public interest. As Australia's [Productivity Commission](#) has argued, foreign investors are well protected by other means, and ISDS provisions are unnecessary.

Far from being a regional free trade agreement, the TPP seeks to transform economic governance to favour powerful, often foreign corporate interests. Thus, the TPP, while offering very modest quantifiable benefits from trade liberalisation at best, is serving as the thin edge of a wedge, which will undermine the public interest.

Jomo Kwame Sundaram was a United Nations Assistant Secretary-General responsible for analysis of economics and development during 2005-2015, and received the 2007 Wassily Leontief Prize for Advancing the Frontiers of Economic Thought.

Why the Trans-Pacific trade deal should be an election issue

By Dr Patricia Randal

The Trans Pacific Partnership (TPP) text was negotiated in secret for six years, released in November 2015 and signed by Australia, US and 10 other Pacific Rim governments in February. But it is far from a done deal. So far, no government has yet passed the implementing legislation required to ratify it. Australia's early election has interrupted the [Parliamentary Inquiry](#) examining the TPP. The election campaign provides an opportunity to debate its merits before the inquiry report and parliamentary vote following the election.

There is strong community opposition to the TPP in Australia and many countries because it provides [very little market access](#) for trade in goods, but increases the power of global corporations at the expense of citizens. It includes [stronger monopolies](#) for costly biologic medicines, which will delay the availability of cheaper forms of these medicines, and cost hundreds of millions of dollars. The TPP also includes [special rights for foreign investors](#) to bypass national courts and sue governments if they can argue that a law or policy harms their investment, with inadequate protections for public interest areas like health and environment. Only tobacco regulation can be clearly excluded from such cases.

The US, Japan and at least four other countries must pass implementing legislation and ratify the deal before it can come into force. Ironically, this is least likely to happen in the US. Both [Hillary Clinton](#) and [Donald Trump](#) oppose the TPP and there is strong [bipartisan opposition](#) in Congress. This means the US legislation will not even be considered until after the November election.

Congressional opposition has been swelled by right-wing Republicans who want even more rights for pharmaceutical and other corporations, and have [demanded such changes](#) in return for supporting the legislation. The [tobacco industry](#) claims that the TPP is discriminatory because it prevents them from suing governments over tobacco regulation, while allowing other global corporations to sue over other public interest legislation. Australia's US Ambassador [Joe Hockey](#) has said the TPP is in danger of unravelling because of US opposition, and has been desperately lobbying US Congress members to support it.

[Polling](#) show that 61% Australians oppose any special rights for global corporations to sue governments over any public interest legislation. Fifty-nine community organisations representing over two million Australians have sent a [letter to parliamentarians](#) asking them to vote against the TPP legislation. Over 300,000 individuals have signed petitions against the TPP. The Parliamentary inquiry has received over 11,000 [submissions and messages](#), most of them critical of the TPP.

So where do the political parties stand on the TPP? The Coalition, having negotiated the deal, wants the [legislation passed](#) as soon as possible after the election. The ALP has [strong policy](#) against corporate rights to sue governments and extension of medicine monopolies, but has not yet made a decision about the TPP implementing legislation. This contrasts with the [New Zealand Labour Party](#), which is opposing it. The [Greens](#) and [Senator Xenophon](#) have announced their opposition.

The TPP could impact on several major election promises like healthcare funding and tax policy. A recent [Productivity Commission](#) report confirmed that stronger monopolies on biologic medicines in the TPP would cost hundreds of millions of dollars per year. Election policies for government regulation to prevent tax evasion by global corporations could be undermined if those same corporations are given additional rights to sue governments for compensation in international tribunals. Voters have good cause to demand that all political candidates oppose the TPP proposals for increased corporate rights and pledge to support the ability of future governments to regulate in the public interest, by voting against the TPP implementing legislation.

Dr Patricia Ranald is Research Associate, Sydney University and Convener of the Australian Fair Trade and Investment Network

China FTA allows exploitation and safety breaches

Temporary skilled workers brought to Australia under the "streamlined" provisions of the China FTA were given bogus health and safety training and were paid less than the minimum wage, according to *Fairfax Media* [reports](#) this month.

Health and safety breaches resulted in failure to complete the job, which had to be completed by local workers.

The ACTU has produced a social media meme about this, which you can view or share [here](#).

Xenophon: trade policy must change to support jobs and diverse economy

Senator Nick Xenophon looks increasingly likely to hold a balance of power position in the next Senate, and will be an important voice for fairness in trade deals. We have summarised his trade policy above.

Senator Xenophon also recently wrote an opinion piece for the Australian Financial Review arguing that Australia's free trade agreements with the US, Japan, Korea and China have been badly negotiated and lopsided. While those countries have kept the right to have local content in government procurement and other industry policies, Australia has traded these away.

He argues for a more balanced and strategic trade policy to support local employment.

[Read the full article here.](#)

Coalition in secret talks to add ISDS to Japan FTA

The Coalition Government is secretly negotiating talks to add ISDS to the Japan-Australia FTA, according to a recent report in [The Guardian](#).

While the Japan-Australia FTA had no provisions for ISDS there was a clause that would trigger negotiations if Australia implemented another agreement containing ISDS. The China-Australia FTA (ChAFTA) does contain ISDS and these talks have now commenced behind closed doors.

While they have been interrupted by the early election, if the Coalition wins, talks could be completed soon, with the result only made public after the event.

In contrast, ALP policy opposes ISDS and pledges to review ISDS in existing agreements.

Take Action

The long election campaign offers us an excellent opportunity to make sure the TPP and other trade issues are front and centre in candidates' minds as an issue that the Australian community cares about.

You can raise these issues with candidates through our online message and other actions. Here is a list of some actions you can take to help spread the message and put the pressure on ALP candidates in particular to commit to voting against the TPP's implementing legislation:

1. Send a Twitter message to Labor's trade spokesperson, Penny Wong

If you have a Twitter account, you can ask the ALP to vote no to the TPP in Parliament. Here's a Tweet you can send Penny Wong:

Hi @SenatorWong. Thanks for the ALP's positive trade policy. Given the #TPP contradicts it, will the ALP vote against it in Parliament?

2. Send our online message

Our [online MP action message](#) was recently updated with a strong ask to all current MP and Senators to commit to voting against the TPP. If you haven't already sent it, that is the easiest way you can take action! If you already have, please consider [sharing the link](#) with your social media networks.

3. Contact your candidates

It's not clear who will win the election and we need to make sure that we are putting pressure on our local candidates, especially those in marginal seats. There are two easy ways to do this:

- Attend a candidates' event in your area or email your candidate to ask for a meeting. Here are some [points you can make](#).
- Send a Twitter message directly to your local ALP candidate. Here's an example: hi *@(insert your candidate's twitter handle here)*. Will you commit to voting against the #TPP before the election? #ausvotes

4. Let us know how you go

If you get a reply, please forward a copy to campaign@aftinet.org.au. This helps us to measure the impact that our campaign is having.

AFTINET has written to all ALP MPs and candidates in marginal seats with a detailed briefing on the TPP. This week we will follow up with a letter thanking them for their election policy platform and giving an update on the political situation in the US regarding the TPP.

We will continue to follow up with key decision makers in all parties as the election campaign progresses.

More news from our website

Like the TPP, RCEP is on track to become a very bad deal for medicines: MSF. As negotiators meet in New Zealand this week for RCEP negotiations, MSF says the agreement threatens access to affordable medicines for half the world's population. [Read more.](#)

ALP trade policy welcome, but will it vote against the TPP? The ALP [trade policy](#) released yesterday shows welcome responses to community concerns about secrecy, investor rights to sue governments and temporary workers, but will it vote against the TPP implementing legislation? [Read more.](#)

China FTA allows exploitation and safety breaches. Temporary skilled workers brought to Australia under the "streamlined" provisions of the China FTA were given bogus health and safety training and were paid less than the minimum wage. [Read more.](#)

Report urges trade strategy change to support manufacturing industry. Buried deep in the Australia Institute's report released today, called Manufacturing Still Matters, is a blistering critique of trade deals that weaken governments' ability to use their own purchasing power to support local industry. [Read more.](#)

Free trade agreements threaten quality of public education: unions: Education unions have written to the Coalition's Trade Minister Steve Ciobo arguing that various free trade agreements would open the floodgates to private for-profit education and education services providers. [Read more.](#)

45.8 million people live in slavery but TPP doesn't ban forced labour: NGO Walk Free has found that more than 45.8 million people live in slavery, including 4,300 people in Australia. [Read more.](#)

Clothing retailers fail to improve workers' rights in developing countries: As trade agreements like the TPP and RCEP seek to expand trade without fully enforceable workers' rights, global retailers have failed to implement promised improvements in workers' rights and conditions. [Read more.](#)

Leaked Trade in Services proposals would restrict regulation in the public interest: Wikileaks has released the most updated draft texts on the proposed Trade in Services Agreement (TISA). [Read more.](#)

Time to think differently about trade: The Director of the US environmental group the Sierra Club writes that the TPP is deeply flawed and would be bad for the environment, bad for workers, bad for human rights, and bad for public health. [Read more.](#)

Hockey lobbying of US Congress shows TPP flaws: Australian Ambassador Joe Hockey's desperate attempts to lobby the U.S. Congress to support the TPP beg the question of why the Australian government should be supporting it. [Read more.](#)

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