



AFTINET BULLETIN: July 2016

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Introduction

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

This month we analyse the results of the election and what they mean for the TPP and the six other new trade deals on the horizon.

Our campaign succeeded in raising awareness about unfair trade agreements.

In general, despite the return of the Coalition government, the election has left us in a stronger position to campaign and we will now re-focus our efforts towards pushing for a Senate inquiry and ultimately for the majority in the Senate, including Labor, Greens and other crossbenchers to vote against the TPP's implementing legislation.

In this Bulletin we also call for Pacific Island nations to walk away from PACER-plus deal and examine the key issues arising from Regional Comprehensive Economic Partnership (RCEP) negotiations.

Thank you to all our members for supporting our campaign in the lead up to the election. We look forward to continuing to work together to fight for fair trade based on human rights, labour rights and environmental sustainability.

Election analysis: most minor parties and independents will oppose TPP

The Liberal National Coalition government has won just enough seats in the House of Representatives to form a majority government, but counting continues in the Senate.

Our campaign succeeded in raising awareness about unfair trade agreements, with positive trade policies from Labor, the Greens and the Nick Xenophon Team. There was also critical debate on trade agreements in [The Age](#) and [Sydney Morning Herald](#), with some predicting the [death of the TPP](#). The [Brexit vote](#) and the [US TPP debate](#) has also prompted commentators to speculate the [end of the era of deals like the TPP](#).

There will be increased numbers of minor parties in the Senate, at the expense of the Coalition, and most of the minor parties, including The Greens, the Nick Xenophon Team and Jacqui Lambie have responded to our campaigning and are opposed to the TPP because it expands corporate rights at the expense of people's rights.

This will help in our campaign for the Labor opposition to implement its policy and vote against the TPP implementing legislation.

It is clear that Labor has not yet come to a decision about the TPP implementing legislation. A spokesperson for Shadow Trade Minister Penny Wong [told The Australian](#) recently that the TPP would be examined in the next parliament by the Joint Standing Committee on Treaties, which had not concluded its review when the last parliament was dissolved.

“Labor will support good trade policy and oppose trade policy that sells our nation short,” the spokeswoman said.

There could also be two or three extreme right-wing senators from Pauline Hanson's anti-immigration and anti-Muslim One Nation party. They are opposed to all international agreements, including both trade agreements and UN human rights conventions, with views similar to those of U.S. presidential candidate Donald Trump. This is not consistent with AFTINET's commitments to fair trade based on UN conventions on human rights, labour rights and environmental sustainability.

Although the Coalition government has returned, it is in a weakened position and its internal divisions have deepened. Instead of reducing the number of minor parties and independents in the Senate – one of its key aims in calling an early double-dissolution election – it has actually increased these numbers.

In this context we will have a better basis for our campaigns, with a weakened conservative Government, a Labor opposition which went to the election with a trade policy critical of many aspects of the TPP and increased numbers of minor parties and independents.

The Prime Minister will soon announce the new Cabinet and the schedule for parliamentary sittings, expected to start in August.

The Joint Standing Committee on Treaties (JSCOT) Parliamentary inquiry will resume after Parliament sits. It will conduct public hearings and report to Parliament before the TPP implementation legislation is tabled.

AFTINET is planning to organise around the JSCOT public hearings and also press for a Senate inquiry, as well as campaigning for Labor and other minor parties and independents to vote against the implementing legislation.

The Government's trade agenda: Seven deals to keep an eye on

Turnbull government claims about jobs from 'export' trade agreements have been dealt a blow by the election results, which have returned record numbers of third parties and independents, most of whom are sceptics about secretive trade deals which expand corporate power and limit national government ability to regulate in the public interest. This will expand [critical debate](#) and campaigns as the Government pushes its trade agenda.

Below we have summarised the progress and major issues of seven current trade deals.

1) Trans-Pacific Partnership: aim to legislate in 2016

The inquiry by the Joint Standing Committee on Treaties (JSCOT) will resume with public hearings likely in September and a report in October before introduction of the TPP implementing legislation. A possible Senate Inquiry could delay the process and produce a more critical report.

The TPP will not proceed without US legislation and ratification. Both US presidential candidates oppose the TPP, and US Congress will not consider legislation until after November US elections.

AFTINET is campaigning to block the implementing legislation in the Senate.

MAJOR ISSUES: The TPP is an agreement between Australia, the US and 10 Pacific Rim countries which gives foreign companies rights to sue governments (ISDS), expands medicine monopolies and expand numbers of temporary workers vulnerable to exploitation. See more detail [here](#).

2) Australia-India FTA: aim to finish text in 2016

Negotiations for a bilateral agreement with India began in 2012 and were accelerated from 2014. The most recent negotiations were in April 2016. The aim is to finalise negotiations this year and legislate and ratify in 2017.

MAJOR ISSUES:

- *Secrecy: there has been no public information on negotiations since 2015;*
- *Investor rights to sue governments (ISDS): Australia wants ISDS but India wants more safeguards for public interest regulation than in the TPP;*
- *Temporary migrant workers: India is seeking expansion of temporary workers with less labour market testing and other changes to student visas and computer-related service providers.*

3) Australia-Indonesia FTA: aim to finish text in 2016

Negotiations were held in March and May 2016 and the next negotiations are planned in Australia in August this year. Trade Minister Steven Ciobo [recently said](#) an agreement with Indonesia is a focus for the Government along with the India FTA and the next stage of talks with the EU. The aim has been to finish talks this year.

MAJOR ISSUES:

- *Secrecy: Little information, except that goods, services and investment are on the agenda;*
- *IP and medicines: It is not clear whether Australia will pursue TPP-like proposals for stronger medicine monopolies;*
- *ISDS: Australia is likely to push for ISDS provisions similar to those in the TPP;*
- *Movement of temporary workers: Indonesia is likely to want expanded access for temporary workers in Australia.*

4) Regional Comprehensive Economic Partnership (RCEP): aim to finish text in 2016

The RCEP includes the 10 ASEAN countries plus India, China, Japan, South Korea, Australia and New Zealand. The aim is to finish negotiating in 2016 and to legislate and ratify in 2017.

Next meetings: Ministerial August 5, Negotiations in Vietnam August 15-19 and meetings in October and December.

MAJOR ISSUES:

- *IP and medicines: Japan and Korea have tabled TPP-like proposals for stronger monopolies.*
- *ISDS: India, China, some ASEAN countries want more safeguards for public interest regulation.*
- *Movement of temporary workers: India and Australia want separate chapter with wider coverage, others want more limited arrangements through the trade in services chapter.*

5) PACER-Plus: aim to finish text in 2016

Formal negotiations towards PACER-Plus, which includes 14 Pacific Island countries as well as Australia and New Zealand, began in 2009.

Negotiations accelerated last year with the aim to finish in 2016. The next meeting is scheduled for Christchurch NZ, August 22-5, followed by a Trade Ministers Meeting.

MAJOR ISSUES:

Australia and New Zealand are driving the agenda and want lower tariffs for their exports and more rights for foreign investors. No formal ISDS, but more investment protection through local courts.

Pacific Islands want a development agenda, including special and differential treatment for their tariffs and expansion of seasonal workers schemes in Australia and New Zealand. The latter have been agreed and are being implemented by Australia and New Zealand, but may not form part of the legally binding agreement.

Pacific Islands want additional aid and development funds, and they are also concerned about the impact of loss of tariff income on government revenues. Fiji and PNG have become more critical of the negotiations in 2016 and have not yet made market access offers.

See the June Pacific Island civil society [Social Impact Statement](#) on PACER-Plus which analyses leaked documents to show that PACER-Plus would have negative impacts for Pacific Islanders on local employment, government revenue and access to services, health outcomes and food security.

6) Trade in Services Agreement (TISA): aim to finish text in 2016

There were negotiations in early June 2016 and there will be a negotiating round in mid-July. The aim is to finish by end of 2016 and to pressure more developing countries to join, eventually replacing the WTO GATS.

MAJOR ISSUES:

Negotiations began in 2012 between the US, EU, Australia and about 20 other mostly industrialised countries with developed service export industries. The aim is to deregulate trade in services further than can be achieved through the WTO General Agreement on Trade in Services (GATS).

The negotiations are taking place outside the WTO, with less transparency, and being driven by global services corporations.

Major issues include: secrecy, restrictions on government regulation of services, expansion of foreign investment in competitive tendering, pressure for privatisation of services.

See background [here](#) and leaked documents [here](#).

7) Australia-EU FTA: to begin 2017

There is a current scoping study for an Australia-EU FTA underway, with negotiations set to begin in 2017. This is in response to the EU-Canada FTA and US-EU Transatlantic Trade and Investment Partnership (TTIP).

Since Britain voted to leave the EU, there has also been speculation about a separate FTA with Britain.

The election campaign's other big lie: the Coalition hasn't delivered 'export agreements'

By Peter Martin, Economics Editor (Published in The Age on July 7 – view the original article [here](#)).

Here's another lie. Our trade agreements boost exports. Malcolm Turnbull and Scott Morrison said so repeatedly during the campaign on the basis of next to no evidence, rebadging their agreements with Japan, Korea and China "export agreements".

Even on election night the Foreign Minister Julie Bishop used the line, castigating its biggest election winner, South Australia's Nick Xenophon, for expressing skepticism.

"He is against free trade agreements," she told the ABC. "South Australia is the state that will benefit enormously from the free trade agreements the Coalition have signed."

Xenophon isn't against trade agreements. He wants the Productivity Commission to run benefit-cost studies on what they actually achieve, something the Coalition has resisted at every turn.

There's no evidence that South Australia or any other state will "benefit enormously from the free trade agreements the Coalition has signed", in large part because the Coalition has ensured there isn't.

It refused outright to commission a cost-benefit analysis on the giant Trans-Pacific Partnership deal it signed in February which is yet to be ratified. More than a decade after it negotiated the US-Australia Free Trade Agreement it hasn't looked back to find out what happened. A prospective study it did commission on the new Japan, Korea and China agreements found that taken together they will boost our exports 0.5 to 1.5 per cent, while boosting our imports 2.5 per cent, which means they will [send our trade balance backwards](#).

Rather than being "export agreements", the deals for which we have data are better described as import agreements. In every case for which we have clear evidence, our trade agreements seem to have boosted imports more than exports.

Until 2003 we only had one, with New Zealand. We preferred to cut tariffs unilaterally and argue for global free trade rather than play favourites. In the 13 years since then we've added, or are adding, 13.

After the first new-style agreement with Singapore in 2003 our exports climbed much as before while imports (goods and services) surged. After the 2005 free trade agreement with the United States, both imports and exports continued on the trend lines set previously with imports climbing faster than exports, as they did for Chile and Malaysia and as they will for China, Japan and Korea.

Which isn't to say imports aren't welcome. Increased imports lift our standard of living. And while they can lead to the closure of old Australian industries, such as the car industry, they can boost new ones by ensuring the supply of cheap inputs.

But that isn't an argument for our never-ending pipeline of trade deals. We could get the same cheap imports more quickly by cutting all of our tariffs to zero. Seriously. We could do away with much of our mammoth self-perpetuating trade negotiating bureaucracy and trade more simply.

The Treasurer himself provided an unintentional window into how complex these trade agreements have become when during the campaign he lauded "export trade deals that generate some 19,000 new export opportunities".

What were these 19,000 new export opportunities, I asked one of his staff. The number refers to the count of specific line items in the China, Korea and Japan free trade agreements. That's how complicated they've made trade.

A huge chunk of the traders surveyed by the Australian Chamber of Commerce and Industry [don't use them](#).

"In my experience, they have been a waste of time, particularly Thailand. The paperwork to qualify was so onerous it wasn't worth the effort," says one member.

"I know we have one with the US and I know there is one now with Japan and Korea. Is that correct?" says another.

Using the agreements costs more than time. In order to get low-tariff entry into a market such as the United States, an Australian company has to comply with "rules of origin", which means it needs to ensure that no more than a certain percentage of its inputs is sourced from countries outside of Australia and the United States, sending up costs. In 2010 the Productivity Commission found these extra costs amounted to [as much as 8 per cent per shipment](#).

Where exporters attempt to apply with the rules, they shrink trade. One of the few studies of the impact of the US-Australia Free Trade Agreement found it [shrank both nations trade with the rest of the world](#).

That agreement had 980 rules of origin. One of our latest, with Korea, has 5205. The Trans-Pacific Partnership has even more. And because the agreements are not always consistent with each other, the "noodle bowl" of overlapping requirements makes attempting to trade using the new agreements harder still.

Which would be bad enough, were Australia not negotiating more. In the early stages of negotiation are agreements with India, Indonesia, the European Union and a Regional Comprehensive Economic Partnership linking us separately to China, Japan, Korea, Singapore, New Zealand, Thailand, Malaysia, India and Indonesia.

The Productivity Commission wants to take stock, and from here on have it or the Treasury [examine whether the deals are actually worth doing](#). A government genuinely concerned about making things easy for business would have agreed long ago. Xenophon, the Greens and Labor are about to make it see sense.

Read more: <http://www.smh.com.au/comment/the-elections-other-big-lie-the-coalition-hasnt-delivered-export-agreements-20160705-gpzcx3.html#ixzz4EAqSF0Ko>

Secretive RCEP talks continue

Following negotiations held in [Perth](#) in April, the thirteenth round of RCEP negotiations between the 10 ASEAN countries and China, Japan, Korea, India, Australia and New Zealand were held in Auckland from the 12-18 June. Talks took place on goods, services, investment, economic and technical cooperation, intellectual property, competition, e-commerce, and legal and institutional issues. All countries have submitted offers for trade in goods and services, and there are initial reservation lists for investment. The negotiations are secret, but [leaked texts](#) have revealed TPP-like proposals for stronger monopolies on medicines and foreign investor rights to sue governments (ISDS).

There was very limited stakeholder consultation which gave civil society groups only one or two minutes each to present views to negotiators. They called for the release of the text and advocated against TPP-like proposals on extension of medicine monopolies and ISDS. This was less consultation than was available in Perth. As in Perth, more extensive consultations were held with industry groups. See Jane Kelsey's commentary [here](#). Conservative [media commentators](#) also criticised the secrecy and limited consultation.

Because of the limited consultation civil society groups hosted lunchtime meetings with intellectual property and investment negotiators, which were well received by negotiators. A public forum linking the TPP and RCEP was also held. Speakers included prominent Malaysian economist Dr [Jomo Sundaram](#), who spoke at an AFTINET forum earlier in that week in Australia.

An RCEP Ministerial meeting is scheduled for 5 August 2016 in Vientiane, Lao PDR. The fourteenth round of RCEP meetings is scheduled to be held from 15-19 August in Ho Chi Minh City, Viet Nam, followed by rounds in October in China and in December in Indonesia.

Pacific urged to walk away from PACER-plus

A new report by the Pacific Network on Globalisation (PANG) and endorsed by AFTINET has urged Pacific Island countries to walk away from PACER-Plus trade talks.

The report is a compilation of the work of leading academics in Fiji, New Zealand and Australia, who have analysed leaked PACER-Plus text.

They conclude that Australia and New Zealand are pushing their own interests at the expense of the Pacific, and recommend that Pacific island governments should retain their legal right to regulate to protect their national development interests, which include the ownership and control of land, natural resources and the environment.

According to the report, PACER-Plus is likely to have a negative impact on health, local employment, government revenue and access to services and food security.

The report also shows that the Office of the Chief Trade Advisor's (OCTA) Social Impact Assessment, set to be released this week, uses flawed methodology.

Download the report: '[Defending Pacific ways of life: A People's Social Impact Assessment of PACER-Plus](#),'

Media coverage: Listen to an interview on Radio NZ with Professor Jane Kelsey from the University of Auckland [here](#) and read an article in the Fiji times [here](#).

More news from our website

[US Senator accuses Australia of trying to 'steal' US medicine patents in TPP](#): Senator Orrin Hatch says that Australia "wants to steal US medicine patents" by refusing to agree to a huge 12-year data protection term for biologics medicines. [Read more.](#)

[The TPP will not pass US Congress this year: Senate majority leader](#): US Senate Majority Leader Mitch McConnell says the TPP legislation will not pass Congress this year and that the new President should deal with it in 2017. [Read more.](#)

[The TPP after the election: the campaign continues](#): the Liberal-National Coalition has won enough seats to form government, but counting of Senate votes continues. Our campaign against the TPP, which increases the rights of multinational corporations at the expense of people's rights, will continue. [Read more.](#)

[Does the new Senate mean the TPP is dead?](#) "One thing that is certain after Saturday's election, the Trans-Pacific Partnership (TPP) is dead, and along with it the Coalition's economic agenda and narrative," writes The Australia Institute's Richard Denniss in New Matilda. [Read more.](#)

[Trans-Canada sues US for \\$15 billion for environmental decision](#): Canadian oil company TransCanada has now filed its lawsuit for \$15 billion against the United States under the North American Free Trade Agreement, arguing that the U.S. rejection of the Keystone XL pipeline for environmental reasons violated NAFTA's broad rights for foreign investors by thwarting the company's "expectations." [Read more.](#)

Free trade agreements not the great deal we've been sold: Former deputy secretary in the Department of Prime Minister and Cabinet, and High Commissioner in Canada Greg Wood writes that free trade agreements are not the great deal we've been sold. [Read more.](#)

Clinton to renegotiate dud deals and reject TPP: In a major economics policy speech, US Presidential candidate Hillary Clinton said that trade deals which are not working for Americans should be rejected, and agreements like the TPP which don't meet high standards for raising wages or creating good-paying jobs should be rejected. [Read more.](#)

TPP future unpredictable: this is not the time to let our guard down: TPP proponents and opponents in New Zealand discuss the likelihood of the TPP being approved in the US lame-duck period - that is, after the election on November 2, but before the new president's term begins. [Read more.](#)

Sanders pushes for Democrats to commit to rejecting TPP: Writing for the New York Times, prominent US democrat Bernie Sanders makes the case for his party to commit to reject the TPP in the post-election "lame duck period" and beyond. [Read more.](#)

US union leader says TPP corporate trade model will be defeated: Richard Trumka, President of the AFL-CIO argues that the US majority has rejected the outdated TPP trade model which benefits corporations at the expense of working people, and that it can be defeated in Congress. [Read more.](#)

Brexit vote shows dangers of secret unfair trade deals: The Brexit vote shows that politicians have been ignoring the unfair impacts of trade deals like the TTIP (the US-EU version of the TPP) and EU austerity policies, writes John Hilary from UK aid organisation War on Want. [Read more.](#)

Why We Need a Moratorium on Trade Deals Like the TPP: The Davos elites ignored too many problems with free-trade pacts for too many years. Priority should go to keeping protectionism at bay rather than lowering more trade barriers, writes Paul Blustein for Politico. Read the article here. [Read more.](#)

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