

FAIR TRADE UPDATE: February 2017

Senate report says no to zombie TPP legislation

One of our big campaign wins last year was getting a Senate inquiry into the TPP.

The report has now been released and it's another victory for fair trade. In it, Labor said the failed TPP's implementing legislation should be deferred, since the US' withdrawal killed the deal. The Greens and the Nick Xenophon team have consistently rejected the TPP.

This means that the Government cannot pass the TPP legislation, because Labor, the Greens and Nick Xenophon team have a majority in the Senate. The report also reflected many of our criticisms of the TPP.

This is another victory in our seven-year campaign, and will help to ensure that the TPP is not used as a bad model for future trade agreements like the RCEP.

AFTINET Convener Dr Patricia Ranald told the media:

“AFTINET welcomes the conclusion of the ALP members of the Senate inquiry into the TPP that the implementing legislation should not proceed but be deferred.

“However we believe that the TPP is not in Australia’s interest and the Australian Parliament should not approve the implementing legislation either now or in the future.

“The Greens and the Nick Xenophon Team have substantively rejected the TPP in their separate reports. All three reports also recommended changes to the current secretive and undemocratic trade process.

“Together these reports confirm that the TPP cannot come into force without US participation, and the ALP report confirms that that ‘it would be unproductive for the Australian Government to commit resources to passing implementing legislation.’ The reports also expose the fundamental flaws that made it a bad deal for Australia.

“This should mean that the flawed TPP is not used as a model for other trade agreements like the RCEP between Australia, NZ, China, India, Japan, Korea, and the ten ASEAN countries.

“We need a more open and democratic trade process that delivers benefits for all Australians and does not prevent governments from regulating in the public interest.”

"TPP minus one" is a terrible idea

Australian Trade Minister Steve Ciobo is now [pushing](#) for a TPP without the US - or as he calls it, a 'TPP minus one'.

This is despite the [Senate inquiry saying no](#) to the failed TPP's implementing legislation, meaning the government cannot pass it.

It is also extremely unlikely that many other TPP countries would want to proceed without the US (the largest economy). Many TPP countries only agreed to damaging provisions like investor rights to sue governments ([ISDS](#)) and longer [medicine monopolies](#) because of pressure from the US.

For Australia, "TPP-minus one" would be an even worse deal than the TPP was because it would contain all the same damaging clauses and deliver even fewer market access benefits (which were already [negligible](#)).

Even in the unlikely scenario that all TPP countries agreed to only make 'minor changes' to the text, this would require renegotiation and the entire parliamentary process would have to start again.

Time for progressive fair trade policies

By Dr Patricia Ranald

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Donald Trump's rejection of the Trans-Pacific Partnership and review of other agreements has tapped into what is increasingly recognised as a reasonable resentment of fundamentalist free trade policies that have not delivered promised jobs and growth but have contributed to job losses, wages stagnation and growing national and global inequality.

Trump's simplistic response of high tariffs on Chinese imports will not magically restore lost jobs, but could provoke a trade war. Building walls and discriminatory migration policies based on fear are also a dead end. But we do need to rethink trade policy and produce credible and inclusive fair trade alternatives that benefit the majority, not just the top 1 per cent.

The global financial crisis taught us that unregulated markets fail, and that governments must intervene to ensure responsible investment and protect consumers. Responding to climate change requires government action to encourage investment from high to low carbon industries and renewable energy. Exposure of global corporate tax evasion has shown that governments must act to ensure enough revenue to provide health, education and other essential services.

Fundamentalist free trade policy does not recognise these lessons. It aims to achieve not only zero tariffs but also zero "other barriers" to all trade and investment. Each country should specialise in its most narrowly defined "competitive" products or services, import everything else at the lowest possible prices, have no active industry policies and minimise other government regulation. Australia would be a farm and a quarry, with deregulated service industries like tourism and financial services.

This policy culminated in former treasurer Joe Hockey's admission that his government decided to end all assistance to the car industry to reach trade deals with Korea and Japan, a decision that has devastated regional economies in Victoria and South Australia. Such assistance is provided in all other

competitive car industries, including in the US, Europe and Japan, because of both the strategic economic role of the car industry and the jobs it provides.

Deregulated global production chains have resulted in job losses in industrialised countries, and a race to the bottom as low income countries compete for investment in export processing zones with no effective workers' rights, health, safety or environmental regulation. The result is the 2013 Bangladesh clothing factory disaster, where workers with no rights were ordered back into a substandard building which then collapsed, killing 1300 mostly women and children. This factory was one of many supplying major Australian retailers.

With low or zero tariffs in Australia and many other countries, the TPP and other trade agreements now seek to restrict governments from regulating global corporations in the public interest. Most of the TPP's 30 chapters restricted government regulation in areas such as medicine prices, internet policy, financial regulation, government purchasing and temporary migrant workers. The TPP gave global companies the right to bypass national courts and sue governments for millions of dollars in unfair international tribunals. It extended monopolies on biological medicines for an extra three years, delaying cheaper versions of those medicines. This is not free trade but extension of monopoly rights.

So what would fair trade policies look like? First, the purpose of trade policy as part of balanced economic policy is to contribute to employment and higher living standards in an environmentally sustainable economy. This should mean a range of jobs in manufacturing, services, agriculture and other sectors, supported by high quality education, health and other services.

Second, trade rules should be agreed through a multilateral system that includes all governments in an open, democratic process, not secretly made behind closed doors. Third, trade agreements should not prevent governments from regulating in the public interest. Fourth, trade agreements should not give additional legal rights to global corporations that already have enormous market power, and should not be used to extend monopolies. And finally, trade agreements should be based on internationally agreed and enforceable labour rights and environmental standards.

Fair trade policies that put people and the environment first provide a positive alternative to both failed fundamentalist policies pursued by the Coalition government and the narrow, knee-jerk nationalism of Trump and One Nation. Now is the time for the Labor opposition and other parties to develop them.

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