

# **AFTINET Bulletin No. 133**

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### **1. AGM report – Social Justice Award for AFTINET**

On the 29<sup>th</sup> of November AFTINET held a successful Annual General Meeting, which included a special presentation from the Mercy Foundation.

AFTINET was awarded the Mercy Foundation's Social Justice Award for its contributions to creating a more just world through its work in area of fair trade and investments.

We would like to thank the Mercy Foundation again for the award, and for their continued support.

Having just started as the new campaigner with AFTINET, this is the first bulletin I have compiled. If anyone is interested in making contributions for future bulletins, please use the above contact details.

Although I have already met a number of our members, I look forward to meeting and working with many more of you in the future. I hope you all have a great Christmas and New Year.

I will be back in the office on the 8<sup>th</sup> of January 2007.

All the best,  
Michele

### **2. WTO - Doha do or die?**

On November 16, WTO members agreed to what is being called a 'technical' or 'soft' resumption of stalled trade talks, although major powers have shown very limited flexibility on their positions and little has changed since the talks collapsed.

In recent weeks many WTO members have been at pains to express their commitment to talks resuming, notably at the APEC summit in Vietnam where leaders issued a joint statement for the “urgent need to break the deadlock”.

Informal ‘fireside chats’ meetings have also been held to discuss how to start Doha discussions again in agriculture, goods and services. These are said to be smaller, informal and exploratory meetings to ‘keep the embers burning’.

The Doha Round was suspended in July largely due to deep differences over agriculture, with the US refusing to move on export subsidies, whilst demanding high market access openings from other member countries.

Since the suspension, the US has been showing even less willingness to compromise, and there is now pressure on developing countries to make concessions to entice the US back to the negotiating table.

The US insists developing countries must offer more access for US exporters to their markets (agricultural tariffs cuts between 60-90%) and will only consider further concessions on these grounds. But even if other countries move closer to these proposals from the US, there is no guarantee that US Congress will agree.

The result of the US mid-term elections, held on November 7<sup>th</sup>, gave the Democrats a majority of the seats in both the House of Representatives and the Senate. In the US, even though the executive is formally in charge of international trade negotiations, it needs Congressional support to enter into new trade agreements. So the question now is whether both the Democrats and the Republicans are willing to work together towards a Doha agreement.

Adding to the sense of urgency is the expiry of Bush’s Fast Track legislation. Fast Track Authority basically means that trade agreements only face a simple yes/no vote in Congress, with no option of amendments. Bush has used his Fast Track Authority to push through a number of unpopular agreements in the past. However, this authority is due to expire in July 2007, and because 90 days notice of intent to enter into an agreement is required, the deadline is looming large at March 2007. This deadline has been seen as a vital factor in talks succeeding - WTO members would need a draft by March or they would miss out on the ‘special powers’ of Bush’s fast track authority.

The fact that WTO members have opted to go straight back to where they left off when negotiations stalled is a lost opportunity to reflect on new directions for a multilateral trading system. Developing countries will once again be under increased pressure to open up their markets in agriculture and industrial goods, despite the fact that this may not lead to any gains, and instead serve to threaten livelihood security and rural development.

The WTO Director General has warned that if there is no breakthrough by early next year Doha could become the first global trade negotiation to fail since WW11.

### **3. APEC coming to town**

The next APEC summit is due to be held in **Sydney in September 2007** and will see leaders from the world’s most powerful economies (including George Bush) along with key regional leaders once again discussing economics and trade liberalisation with no consideration of human rights, labour rights and the environment.

As we have seen with the recent APEC meeting in Vietnam (see report below) the point of focus for many leaders is the resumption of stalled WTO negotiations, as well as energy issues and climate change. However it is unlikely that at next year’s meeting there will be a focus on genuine ‘green’ solutions, or addressing of fundamental inequalities, which have led to the collapse of trade talks in the past.

APEC has resisted formal engagement with civil society groups and adopts a very narrow focus that excludes considering core labour standards or environmental regulation in trade negotiations.

While APEC resists involvement from civil society groups it has an Energy Working Group that welcomes contributions from the private sector. The Working Group has an Energy Business Network, that receives

substantial input from companies such as Rio Tinto Australia, BHP Billiton and the US Chevron Oil Company. The APEC Energy Working Group has rejected the Kyoto Protocol Strategy and focused solutions on 'clean' fossil fuels and nuclear energy.

For these reasons a range of community and union groups met to discuss organising an alternative event to criticise APEC's view that economics can be separated from society, and to present alternative visions for the Asia Pacific.

There was a large amount of interest in the meeting with representatives from church groups, unions, and human rights groups. The next planning meeting will be on the **24<sup>th</sup> of January 2007** - please join us in making any planned event broad, accessible and informative. Contact the AFTINET office for details.

### **3.1 G20 and APEC held in November**

By Troy Henderson

This November world leaders gathered in Melbourne and Hanoi for the G20 and APEC meetings.

While his treasurer Peter Costello hosted the G20 meetings in Melbourne, Prime Minister John Howard attended the fourteenth APEC Economic Leaders' Meeting in Hanoi.

In the final communiqué Asia-Pacific leaders reiterated their familiar commitment to "realizing APEC's goals of free and open trade and investment". They also placed their weight behind resuscitating the Doha Development Agenda and warned that the "consequences of the failure of the Doha Round would be too grave for our economies and for the global multilateral trading system". The leaders also instructed APEC officials to investigate the possibility of a Free Trade Area of the Asia-Pacific as a "long-term prospect". Participants also discussed the protection of intellectual property rights, continued cooperation in counterterrorism, pandemic disease control and disaster relief. Subsidiary programs such as APEC Biofuels and the APEC Inter-Cultural and Faith Initiative were duly acknowledged and endorsed but the core focus, as always, remained trade and investment liberalisation.

As reported in *The Guardian* "good governance, democracy and human rights" were notably absent from the official agenda. Leading journalist Simon Tisdall concluded that "Mr Bush's 'freedom agenda' does not stretch to Asia". Human Rights Watch also reported homeless people and street children being rounded up by police before world leaders arrived in Hanoi.

Probably the two most significant outcomes of this APEC gathering took place in sideline meetings, with US President Bush and Russian President Putin signing a pact that paves the way for Russia to join the WTO, and a series of meetings culminating in a joint statement expressing "strong concern" over North Korea's nuclear test and a commitment to restarting stalled six-party talks.

With the increasing prominence of other regional forums, such as the East Asia Summit and ASEAN, there is a question mark for some over its continuing relevance as an effective international body.

## **4. The ever expanding FTA agenda**

Last week the Government announced that it will begin processes for a free trade agreement (FTA) with South Korea, agreed in-principle to commencing bilateral negotiations with Chile, is pursuing a very strong interest in developing an FTA with the (Arab) Gulf Cooperation Council (GCC), and will commence negotiations in early 2007 for an FTA with Japan.

This self confessed expanding FTA agenda of the Government is alarming. The Howard Government's aggressive pursuit of bilateral agreements is part of a strategy to entrench a neoliberal trade agenda deeper and more rapidly than the implementation of such policies through the WTO.

AFTINET recently made a visit to Canberra to attend a DFAT consultation meeting where we were informed about all these developments. Below is an overall update of recent FTA announcements, and existing negotiations.

While in Canberra we also took the opportunity to meet with politicians from the Democrats and the Greens. We presented them with briefings on our current concerns regarding the WTO and the China FTA, and had useful discussions about how this could feed into their respective trade policies.

An appointment with the ALP was postponed due to the leadership change, but will be pursued in the New Year. We have also had contact with the new Trade Minister, Warren Truss, and will be pursuing a meeting with him and/or his advisors next January.

#### **4.1 FTA update**

South Korea - after a recent visit to Australia from South Korea's President it was agreed to conduct a joint study on a possible free trade agreement. Australia already has a strong trading relationship with South Korea, but wants greater access to its protected agricultural markets.

Japan – Japan and Australia agreed to start talks on a free trade agreement, a prospect long resisted by Japan, which tightly protects its agriculture sector.

The decision to begin negotiations was announced without allowing any time for public consideration and debate of the Feasibility Study results, which were only released once the decision to go ahead with negotiations had been made.

Chile - the Australian Government had agreed in-principle to commencing a bilateral negotiation process with Chile in 2007, with a view to developing a comprehensive FTA.

Chile is a relatively small economy, but the Australian government's view is that there are particular commercial benefits in investments.

(Arab) Gulf Cooperation Council (GCC) – The Australia Government recently sent an envoy over to the gulf region to pursue its interest in developing an FTA with the GCC. The government feels the GCC is a very important market for cars, agriculture and services and have indicated that there is strong interest from both sides to push forward on an agreement

Mexico – Although analytical work on the feasibility of an FTA with Mexico continues, the negotiation process has halted due to Mexico's uncertain political situation following recent elections. A joint meeting is scheduled for next year, but there is a great deal of uncertainty in achieving any outcomes.

Existing Negotiations:

Malaysia – The next round of negotiations are due in March and will be critical in terms of where Malaysia stands in its negotiations for an FTA with the US. The Australian government said it is hopeful about talks moving forward if Malaysia has been unable to reach an agreement with the US before Bush's Fast track Authority expires.

At the moment negotiations in services are lagging badly, with Malaysia resisting Australia's pressure for negative listing on services.

ASEAN – New Zealand - Australia is having difficulty in these negotiations, again in regards to services. Although Australia made a big concession on services and agreed to a positive list, they want to make that offer conditional on an inbuilt mechanism to move to a negative list in 3 years time and having a negative list on investment. ASEAN has not agreed.

#### **5. China FTA December negotiations**

A further round of negotiations in market access started on Dec 10th, with the Australian government confessing that it will be an uphill battle given the 'substantial gap between what is being offered and what is being requested'. The Chinese are reluctant to make significant concessions in agriculture market access, services and intellectual property.

No timeframe for negotiations has been set, other than the statement from China that they want a “breakthrough on major issues in 2 years time”.

The key announcements from DFAT regarding these negotiations were that the Australian government has ‘no mandate to expand visa 457 to include unskilled labour’, and that they will not make an offer involving acceleration of tariff cuts in textiles, clothing and footwear and motor vehicle industries.

The expansion of visa 457 is likely to be a big demand from the Chinese in these next negotiations and there is a fear that although the government has stated it has ‘no mandate’ to expand the category, they may use it as leverage for some other concession. This could be in the form of expanding the definition of ‘skilled’ labour. As the category stands it is already resulting in widespread abuse with many media reports of worker exploitation.

AFTINET will continue to focus its China FTA campaign around the need for both governments to make clear commitments to international standards on labour rights and the environment.

The Australian and Chinese governments continue to assert that any FTA will not deal with labour and environmental issues.

The next round of negotiations will be on March 26<sup>th</sup> in China.

## **6. USFTA devils emerge**

January 2007 marks the second anniversary of the implementation of the USFTA, and as anticipated a range of problems continue to emerge. Of particular concern at the moment are changes to Australian copyright laws and the push to open up our blood fractionation service to competitive tendering.

### **1.1 Blood products - Review released, and ignored.**

Under the USFTA, Australia agreed to review its current contract with CSL Limited (the sole provider of plasma fractionation services in Australia), and to recommend to states and territories that future fractionation arrangements be open up for tendering.

This has caused a controversial debate in Australia as off shore fractionation could compromise the safety of Australia’s blood supply. Many in the medical community report that there could be an increased risk of blood being contaminated with infections like HIV and hepatitis. This poses a serious threat to our system, which has long been credited as one of the world’s most efficient and safe plasma services.

The Plasma Fractionation Review conducted by the Department of Health took public submissions in March and April and has just released its recommendation that Australian blood continue to be processed here. On December 16, Philip Flood, who chaired the committee, rejected opening the process to tender and made a series of recommendations aimed at making Australia self-sufficient in plasma products.

While the outcome of this review is welcome news, the terms of the USFTA still means that the government is committed to recommending to states that processing be opened up to tendering, and in a recent message to all State and Territory governments, the Federal Government backed an open tender for the nation’s blood “fractionation service”. Federal Health Minister Tony Abbott was quoted in the media saying his hands were tied by the free trade agreement (West Australian, Dec 16, 2006).

This is an area of great concern and AFTINET will continue to work on building up publicity, debate, and media attention to pressure state governments to not agree to these recommendations from the Federal Government.

### **1.2 Senate passes copyright law AAP Political News , Fri 01 Dec 2006**

CANBERRA, Dec 1 AAP - The Senate today passed new copyright laws with the government backing down on one key provision which could have seen prosecution of iPod owners who kept spare copies of songs on their personal computer.

Justice Minister Chris Ellison said the government agreed to ease that section after complaints that they were being excessively restrictive.

"The amendment will better recognise and render legitimate the ordinary use by consumers of digital musical players such as iPods and MP3 players," he said.

The Copyright Amendment Bill 2006 makes wideranging changes to Australia's copyright regime to deal with the challenges created by the internet and digital technology.

It follows the signing of the free trade agreement with the United States.

The government agreed to a wide range of amendments following a Senate committee inquiry. That includes a review of the legislation by March 2008.

"This review will enable consideration to be given to whether these new copyright exceptions should be expanded with respect to digital audio-visual material in a way which complies with our international treaty obligations," Senator Ellison said.

"This review will consider how to achieve an appropriate balance between the legitimate interest of rights holders and users of copyright material."

Labor and minor parties accused the government of following the US line.

Australian Greens Senator Kerry Nettle said the Greens still opposed the legislation which was intended only to meet Australian obligations under the US free trade agreement.

"Copyright law in Australia is currently unbalanced and this will not be addressed by this bill. Indeed it will be made worse," she said.

Australian Democrats Senator Andrew Bartlett said he had no problem with government listening to views from the US, Kazakhstan or anywhere else.

"The point is, though, that it is clearly the US view that has been adopted by the government, and I do have a problem with that," he said.

Labor sport and recreation spokeswoman Kate Lundy said this would be highly problematic.

"Ultimately...it is about anti-competitive conduct and locking up content in unreasonable ways, not for the purposes of protecting copyright infringement but for protecting business models and that means protecting new ways to gouge consumers and inhibit consumers from using content that they have legitimately purchased," she said.

Senator Ellison said the US had made submissions on the legislation but it did not enjoy any advantage over other stakeholders.

"Whether or not we listen to what the US says is another matter, but I can assure you that the policy that we have developed has been policy which the government firmly believe is in the best interests of Australia and no-one else," he said.

## **7. International Trade Union to work on globalisation German Press Gallery, Nov 3, 2006.**

Vienna - The newly founded International Trade Union Confederation (ITUC) called on the World Trade Organization (WTO) Friday to focus on human rights and to adopt social targets. Representing more than 160 million workers in 156 countries, the ITUC stated in its charter it wanted to "fundamentally change" globalisation, so it will work in favour of the workers, the unemployed and the poor.

The WTO represented a model of trade liberalisation that increased the exploitation of workers and inequalities in terms of development. Therefore it could not last, the union stated.

The ITUC would work for a fundamental reform of the International Monetary Fund, the World Bank and the WTO to “recognize the primary importance of human rights.”

Guy Ryder, British labour campaigner and workers’ representative elected as the ITUC’s first Secretary General, outlined the ambitious goals for the new union.

”Fundamental change in the global economy. Social transformation. Universal respect of the fundamental rights of working people,” he promised.

The union was formed on Wednesday in Vienna out of a merger between the two largest global unions - the World Confederation of Labour and the International Confederation of Free Trade Unions (ICFTU) - and about a dozen national labour unions.