

## AFTINET Bulletin No. 136

May 2007

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Previous AFTINET Bulletins and resources are available at <http://www.aftinet.org.au>.

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### 1. Welcome new campaigner – Lorissa Barrett

AFTINET would like to welcome our new campaigner, Lorissa Barrett, who will be job sharing with our current campaigner, Michele Freeman.

Lorissa is in the office on Mondays and Wednesdays, and Michele is in Tuesday to Thursday.

### 2. Event announcements

#### Fair Trade Fortnight

Get involved in Fair Trade Fortnight 28th April to 13th May 2007, the biggest ever promotion of fair trade in Australia and New Zealand. Fair Trade Fortnight is a unique time that brings the Third World farmers and fabulous fair trade products face-to-face with Australian customers.

With around 100 events happening around Australia and New Zealand, Fair Trade Fortnight is a great opportunity to enjoy and celebrate a change in your shopping habits.

#### Events coming up include:

**Fair Trade Fiesta - Thursday 10 May.** Celebrate the global Fair Trade movement at the Fair Trade Fiesta featuring Kylie Kwong, Costa Rican fair trade coffee farmer, Guillermo Vargas, as well as fair trade food, fashion and Mothers Day gifts. Details: Thursday 10 May at 6pm, entry Fee: \$10 at Paddington Town Hall

**Make a Day of Difference in Manly** - Sunday 6 May. Start the day at QSLSC for the annual Walk Against Want to raise funds for Oxfam Australia projects in 28 countries at 8.30am, and reward yourself and others with food, fashion and Mothers Day gifts at the Fair Trade Markets in Manly Wharf.

For more information, and for listing of events around Australia, visit [www.fairtrade.com.au](http://www.fairtrade.com.au)

### **Climate Change and the Pacific**

'Climate change and the uprooting of peoples in the Pacific' - Saturday the 12<sup>th</sup> of May 10.30 am – 3.30 pm at the Grail Centre, 22 McHatton St, North Sydney. Guest speakers: Geraldine Kearney SGS, and Nic McLellan.

Tea/coffee will be available 10-10.30 am and during the lunch break. Bring your own lunch. Contribution: Waged \$15.00, Unwaged \$10.00. Or what you can afford.

RSVP: Tuesday, 8<sup>th</sup> May. Tel: 9955 3053. E-mail: [grailsydney@ozemail.com.au](mailto:grailsydney@ozemail.com.au)

### **Alternative APEC events**

AFTINET has convened a broad coalition of groups to work together on a public forum and conference to coincide with the APEC meetings to be held in Sydney in September.

The events will examine the impact of APEC's free trade agenda in the Asia Pacific region on labour rights, human rights and development, and climate change and the environment. The events will be peaceful, high profile and intelligent presentations of alternative ideas to the APEC vision.

### **Public forum – University of Technology, Guthrie Theatre, 6.30pm Friday 31 August.**

Featuring Sharan Burrow, President of the Australian Council of Trade Unions and President of the Global Unions' International Trade Union Confederation.

**Conference – University of Technology, Saturday 1 September.** Plenary sessions, workshops, information stalls and activities.

For more details, or to get involved, contact Michele Freeman on 02 9212 7242 or [campaign@aftinet.org.au](mailto:campaign@aftinet.org.au)

### **3. Campaign victory: Processing of blood products to remain in Australia**

The Commonwealth Government announced on March 30 that the processing of Australian blood for plasma products will remain in Australia.

Under the Australia-United States Free Trade Agreement (AUSFTA), the Federal Government agreed to undertake a review of Australia's plasma fractionation arrangements and to then recommend to the states and territories that the processing of blood be opened to competitive tender by US companies.

The Government conducted the Flood Review of plasma fractionation arrangements last year. AFTINET and many health and community groups made submissions arguing that tendering would be risky and more costly, and that the current arrangements for be retained . AFTINET also wrote to all state and territory governments, and with other community organisations, debated the issues in the media. The review recommended against tendering, but the federal government still asked the states to proceed with it.

Under the 2003 National Blood Agreement, and as recognised in the AUSFTA, the Commonwealth and all state and territory governments must jointly agree if any change in policy is to take place. The state and territory governments took the advice of the review and rejected changed fractionation arrangements for Australia.

This is an important victory, but it also shows the potential for trade agreements to undermine democratic process. The federal government was bound by the terms of the AUSFTA to ignore the outcomes of its own review on a vital health policy issue. Luckily, in this case, the wording of the agreement and the previous legal agreements with the states meant that state governments were free to judge the issue on health grounds.

#### **4. ALP conference places conditions on China FTA, endorses environment and labour standards in trade policy**

About fifty people attended the AFTINET seminar on the China FTA held as one of the fringe events for the ALP conference in Sydney on April 27-9.

The conference passed a resolution that spells out conditions to be addressed in the China FTA negotiations if the ALP is elected to government. The resolution carries the same policy obligations as the rest of the ALP policy platform, which contains more general policy principles, while resolutions deal with more specific issues.

The resolution was initiated by the Australian Manufacturing Workers Union, an AFTINET member, and was negotiated as a compromise within the broader ALP trade policy. The resolution contains many issues raised by AFTINET, when it responded to an ALP invitation for policy input from community groups last year.

The resolution criticises the current government approach to large numbers of free trade agreements (FTAs) that do not safeguard Australia's economic and social interests. It notes that that the FTAs with Singapore, Thailand and the US have seen Australia's trade deficit increase with each of these countries.

The resolution says that consideration of a bilateral agreement with China must address the following issues:

- **The agreement is comprehensive in nature and includes all sectors**
- **It is consistent with the multilateral processes of the WTO**
- **A transparent process to identify and rectify non-tariff barriers with china at the national and Province level must be agreed with a timetable for implementation**
- **Effective enforcement of legal and property rights in China**
- **Intellectual property rights must be safeguarded**
- **Strong Australian anti-dumping laws to protect our industries from government monopolies and other unfair practices**
- **The economic and social impact of any agreement in regional areas**
- **Implementation of effective domestic policies to promote research and development, innovation and increased investment in cutting edge technology designed to facilitate business growth including services, general manufacturing, service enhanced manufacturing and elaborately transformed manufactured goods**
- **Any agreement must be subject to effective public consultation and a thorough Parliamentary process capable of identifying the strengths and weaknesses of any proposed agreement.**

The resolution also expresses concern about labour standards, health and safety and environmental standards in China and refers to changes in the ALP platform on trade which commit the ALP to developing procedures and instruments for their treatment in trade negotiations. It also commits the ALP to further dialogue with Chinese officials on these issues.

In fact, it is very unlikely that all these issues could be addressed in the negotiations with China for an FTA, so the resolution provides possibilities for future campaigns to end these negotiations.

There was another positive change to the ALP platform on WTO policy, where the Australian Service Union, another AFTINET member, moved specific amendments to ensure that a future ALP government would oppose the inclusion of water and waste water services in the WTO General Agreement on Trade in Services (GATS), and would oppose any changes that would reduce the ability of governments to regulate water services. The platform also makes these commitments in relation to health, education and audio-visual services. The new ALP platform and resolutions should be on the ALP website soon.

## **5. AMWU Study – Potential employment impacts of an Australia/China FTA**

The Australian Manufacturing Workers Union has released an important study on the proposed China FTA suggesting that an FTA could result in the net loss of 158,000 jobs in Australia. It warns that the loss of 170,000 jobs in manufacturing would not be offset by a gain of 12,000 in the mining and agricultural industries.

The study argues the model on which the government has projected growth as a result of an FTA with China is flawed and unrealistically assumes full employment, that all jobs have the same wage rate and that companies will not leave Australia in search of lower production costs. Studies done before the Singapore, Thai and US Free Trade Agreements based on similar assumptions produced wildly optimistic growth predictions. In fact, Australia's trade deficit has increased with all three countries, resulting in a total increased deficit of \$11 billion.

The study applies a model based on more realistic assumptions.

The study shows that the average Chinese manufacturing worker receives less than \$1 a day, and that China's workers are often unpaid, underpaid and subjected to unsafe work practices, resulting in almost 15,000 workplace deaths in 2005. Chinese manufacturers are also not subjected to the same environmental regulations as in Australia and China's undervalued currency gives its exports a major competitive advantage, possibly as much as 40%.

The study shows that metal ore mining alone accounts for at least 50% of our exports to China. However even if these markets grow, there will be limited job growth in Australia. Mining and farming have a lower job content ratio than manufacturing imports. "Each billion dollars of bilateral exports requires an average of 2,923 jobs while each billion dollars of bilateral imports displaces 4,605 jobs."

Stereotypes imply that the exports China provides are labour intensive and cheap manufactured goods (for which low production costs are essential) which this report discredits. It shows China's exports are often highly developed technological products such as computers and telecommunications. This will not open up new markets to the Australian economy and Australia needs to develop this high skilled high value trade.

China has used an active industry development policy to achieve phenomenal growth in manufacturing. The study argues that, instead of proceeding with free trade negotiations, Australia should also use industry policies, including retention of some tariffs, support for research and development and other measures to retain and strengthen manufacturing industry.

The study is available at [www.amwu.asn.au](http://www.amwu.asn.au)

## **6. Australia – Japan FTA negotiations begin. A Bad Deal should be stopped: Joint Statement from Japanese and Australian people**

The first round of negotiations were held on 23-24 April, where both countries agreed to a fast paced timetable for the talks, meaning negotiations will take place every two to three months.

Japan's agricultural sector is lobbying to be left out of the agreement all together and Japanese farmers are expressing deep concern about the potentially devastating impact of agricultural liberalisation.

AFTINET has been working with the Sapporo Freedom School and Family Farmers Movement in Japan to produce a joint statement voicing concerns about the negotiations, and calling for them to cease.

The statement is consistent with AFTINET's general policy, but is still in the draft stages. Once it is finalised it will be distributed to organisations to endorse. Stay tuned for more information, or if you would like to express your organisation's interest, please contact Michele Freeman on [campaign@aftinet.org.au](mailto:campaign@aftinet.org.au)

## **7. US – South Korea FTA, the latest example of a devastating agreement**

As WTO negotiations continue to face stumbling blocks, bilateral free trade agreements continue to grow at an alarming pace. In WTO negotiations there has yet to be real progress, let alone a breakthrough, with the chair of the agriculture negotiations releasing a proposal which asks the US to offer further reduction in agricultural subsidies, which US commentators predict is unlikely.

Resulting from this is not only the consideration of the WTO's failure as a multilateral trading system, but the growth of bilateral agreements, that governments see as the answer to pushing the neo liberal agenda. Bilateral agreements are notoriously unbalanced and open countries to the deepest forms of penetration by trans-national corporations. Australia is currently negotiating nine free trade agreements.

Recently, a particularly devastating agreement was reached between the US and South Korea, despite widespread opposition. Below is a report from the US Oakland Institute on this agreement, examining the damaging ideology behind this trend and the impacts the agreement will bring.

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**KOREAN AMERICANS FOR FAIR TRADE** - Statement in Protest of the Korea-US Free Trade Agreement.

By Anuradha Mittal, Executive Director, The Oakland Institute

At the eleventh hour, the United States and South Korea signed the Korea-US Free Trade Agreement (Korus FTA), the second largest free trade deal since NAFTA. President Bush and big business claim victory, but democracy has lost.

It is a sad day for peoples' movements around the world who are fighting to preserve human dignity amid growing corporate power over our lives and democracies. At 3:55 pm on April 1, 54-year old Heo Se-Wook, a union member of KCTU, committed suicide by self-immolation as an act of resistance against the Korea-US FTA negotiation.

Heo Se-Wook, Lee Kyung-Hae and others who have sacrificed their lives have done so to salvage what little social protections remain under corporate-led globalization. By eliminat-

ing the power of governments to protect their own farms and factories that provide livelihoods to their citizens, the Korus FTA will enable the largest corporations in the world to dictate our nations' development. This is the lesson of NAFTA, which has exported over 1 million good paying U.S. manufacturing jobs and has forced over 1 million Mexican corn farmers off the land. The same will happen under the Korus FTA, and even greater intellectual property rights will be granted to corporations to overturn our public laws, in the United States and South Korea.

Tens of thousands of people in South Korea have been protesting the FTA for the past 10 months, fearing what it will do to their livelihoods, their access to medicine, and their right to food security. A nation that recently suffered over three decades of brutal repression under dictatorships knows well the experience of sacrificing democracy for development. And again, democratic rights have failed.

The South Korean government has deployed severely repressive tactics to quash dissent and opposition to the free trade talks. Whether it was the mere 20 minutes allowed for a hearing before President Roh Moo Hyun announced trade talks, or the fact that the Korean Advertising Broadcasting Agency blocked running an advertisement produced by farmers and filmmaker, the government has not allowed for open, public debate about the FTA's impact on the nation's economy and sovereignty. Tens of thousands of police have been deployed, checkpoints set up on major roads to halt workers and farmers from exercising their freedom of assembly and travel, and water cannons and batons have been used to strike fear into the minds and bodies of protestors. The police has issued summons and warrants for over 170 social movement leaders, raided the local offices of civic organizations, detained leaders of farmers and workers organizations, and even made threatening phone calls to potential participants of public rallies. But this has not stopped the South Korean people from using their hard won democratic rights to organize by the tens of thousands in protest, waging hunger strikes and candlelight vigils.

Despite the South Korean government's efforts to quash dissent to the FTA, popular opposition has turned the disapproval rate of the FTA from 29.2 percent on June 7, 2006 to over 70% in the most recent poll, driven by economic anxieties and the growing conviction that civil society has been shut out of the negotiations process.

Promising development while ignoring democratic failure works against U.S. interests in South Korea. Should the FTA become law after an undemocratic process and in spite of mass popular opposition, the FTA will drive the perception in South Korea that America's democratic rhetoric is merely a cover for profit-seeking behaviour. The U.S. does not need an FTA that further incites anti-Americanism; annual trade between South Korea and the U.S. already tops \$74 billion, and this will continue whether or not the FTA becomes law.

We must work together to call on Congress, who has just an up or down vote, to vote against the Korus FTA. We must work together to call on Congress to end the Trade Promotion Authority to President Bush that doesn't allow for any voice from Congress or the people. We must call on Congress to start a fresh dialogue for a U.S. trade policy that respects international norms that uphold the human right to food, housing, health, education, and dignity. Without these goals as a centerpiece of our trade and development agenda, we will not secure more peace and security in the world.

## **8. Joseph Stiglitz on why the free market fundamentalism does not work**

*Abridged from L'Humanite in English. Edited by Troy Henderson*

The Columbia University Professor Joseph Stiglitz's critique of globalisation carries weight not so much for its content, as perceptive as it often is, but for the CV of its author.

Stiglitz's blue-ribbon economic credentials as a former President of Clinton's Council of Economic Advisers, a former Chief Economist at the World Bank and a Nobel Prize laureate make it difficult for the free-market fundamentalists to dismiss him as a 'dangerous leftwing loony'.

In a wide-ranging interview in late 2006 with the French newspaper *L'Humanite* to mark the publication of his latest book, *Making Globalization Work*, Stiglitz pulled no punches in highlighting the failings of the neo-liberal era.

Stiglitz argued that two potentially positive developments since his 2002 book *Globalization and Its Discontents*, the recognition by the IMF that rapid capital market liberalisation caused major instability in developing countries and the launch of the Doha round of trade talks, had amounted to little. The IMF had not changed its policy prescriptions and according to Stiglitz, "the development rounds have essentially failed."

He is more optimistic when it comes to role that social movements have played – and can continue to play – in curbing the negative consequences of globalisation. He cites the Jubilee Movement in 2000 and the Seattle protests against the WTO as two examples of how ordinary citizens are "redefining globalization". He stated that the "change in the trade regime was motivated by the Seattle protest movement. It was not the negotiators, it was the Seattle protesters that said 'Something is wrong here'." He went to argue that it is essential to find some mechanism by which NGOs and citizens can have a voice in the deliberations and decision-making processes of the IMF and World Bank.

Later in the interview Stiglitz argues that globalization will be an issue in the next presidential election with an increasing number of congressmen and women reacting to voter sentiment regarding the havoc that continuing factory closures and relocations have wrought across America. "Neither the Democrat or Republican leadership, nor the business community is going to be happy. The leadership won't be going in that direction, but a lot of our congressmen will be reacting to the demands of their voters, particularly in the districts which have lost factories", said Stiglitz.

The respected economist was also scathing in his assessment of the impact of three decades of neo-liberal policies in the United States in general and the record of the Bush administration in particular: "In the last five years, even the people from the middle class are worse off. So most Americans today are worse off than they were five years ago".

When asked by *L'Humanite* whether he believed the US economic model would be suitable for France Stiglitz was unequivocal: "It's not a model for any society! I believe it's a model for disaster". He also counsels against French citizens going down the path of privatisation of its public services. He stated: "You have an efficient system that is reliable and there is no indicator that it's about to have a problem. So why privatize? To me, the record of privatization is so bad and the record of France is so good that you have to scratch your head and ask what is the ideology behind this".

There are also clear lessons for Australia in Stiglitz's trenchant critique of the debt-fuelled consumption binge and real estate speculation that has underpinned US economic expansion in recent years. He states that "for the last several years, the United States economy has been sustained by a very particular monetary policy: low interest rates allowing people to take money out of their houses, refinance their houses to sustain consumption. The result of that is that last year, Americans at a household level saved negatively. Not zero, but negative. They consumed more than their income. That's not sustainable".

Stiglitz sees the dangers posed by heavily indebted individual Americans echoed at the level of the national economy, particularly in terms of its economic relationship with China.

He describes the relationship as characterised by “vendor finance” where China, by holding large amounts of US foreign exchange, finances US consumption of Chinese manufactures. Stiglitz cites China’s statement in its eleventh five-year plan that expanding domestic consumption and investment would be prioritised over national savings and exports as evidence that the existing US-China relationship will not continue indefinitely. He also concedes that China’s rising economic clout would likely see foreign governments diversify their foreign exchange holdings by acquiring *yuan* which would erode the value of the dollar and undermine its position as the global reserve currency if the Chinese currency becomes more convertible.

## 9. Battle over China’s labour laws

**Global Movement Strategies (GMS) is a non-profit resource centre whose purpose is to assist social movements and their allies make the connections and develop the strategies needed to function effectively in the global economy.**

**They have recently released a report on how US corporations have been lobbying to limit new rights for Chinese workers.** Details of the report, titled ‘Undue Influence: Corporations Gain Ground in Battle Over China’s New Labor Law’, can be found here:

A behind-the-scenes battle is raging over reforms in China’s labour law. On the one side are US-based and other global corporations who have been aggressively lobbying to limit new rights for Chinese workers. On the other side are pro-worker rights forces in China, backed by labour, human rights, and political forces in the US and around the world.

A new report by Global Labour Strategies, entitled UNDUE INFLUENCE: Corporation Gain Ground in Battle Over China’s New Labour Law, details how lobbying by American Chamber of Commerce in Shanghai (AmCham), the United States-China Business Council, and U.S.-based global corporations have forced significant changes in contract, collective bargaining, severance, and other rights guaranteed for Chinese workers under a law to be voted on later this year by the Chinese National People’s Congress.

The battle is far from over, however. UNDUE INFLUENCE reveals that while publicly claiming to support the new legislation, companies like Wal-Mart, Microsoft, Google, General Electric and others have launched an unpublicized new attack demanding further gutting of the law’s most important provisions.

But UNDUE INFLUENCE also discloses significant pushback by Chinese and international forces. U.S. members of Congress have introduced legislation decrying the corporate intervention and apparent Administration complicity; China’s official labor organization, the All-China Federation of Trade Unions (ACFTU), has taken a strong stand against corporate pressure; international union federations have pressured their employers to reverse course; and human rights organizations have mobilized support for Chinese workers’ rights.

Such counter-pressure has led to splits among global companies operating in China. Nike has virtually repudiated the efforts of the United States Chamber of Commerce in Shanghai (AmCham) to lobby against the law. And the E.U. Chamber of Commerce has reversed its opposition to the law and renounced its threat that its member companies may leave China if the law is passed. Undue Influence reveals this and other shifts among U.S. and E.U. corporations operating in China.

Copies of Undue Influence are available here:

[http://laborstrategies.blogs.com/global\\_labor\\_strategies/files/undue\\_influence\\_global\\_labor\\_strategies.pdf](http://laborstrategies.blogs.com/global_labor_strategies/files/undue_influence_global_labor_strategies.pdf)