



Level 3, Suite 3B, 110 Kippax St  
Surry Hills, NSW, 2010  
Phone: 02 9212 7242  
Fax: 02 9211 1407  
Email: [campaign@aftinet.org.au](mailto:campaign@aftinet.org.au)  
ACN 097 603 131  
ABN 83 659 681 462  
[www.aftinet.org.au](http://www.aftinet.org.au)

AFTINET Bulletin No. 143  
December 2007

If you would like to contribute to the Bulletin, please contact us at [campaign@aftinet.org.au](mailto:campaign@aftinet.org.au) or Phone (02) 9212 7242 Fax (02) 9211 1407  
Previous AFTINET Bulletins and resources are available at [www.aftinet.org.au](http://www.aftinet.org.au).

- 1. THE NEW TRADE MINISTER SIMON CREAN**
- 2. FIJI, PNG 'TURNCOAT' SPELLS DOOM FOR REGION**
- 3. INT'L GROUPS CONCERNED OVER FREE TRADE IN CLIMATE POLICIES**
- 4. WTO UPDATE**
- 5. FREE TRADE AGREEMENTS UPDATE**
- 6. AID/WATCH FUNDRAISING TRIVIA NIGHT – THE HOWARD YEARS**
- 7. FAIR TRADE, CORPORATE ACCOUNTABILITY AND BEYOND:  
EXPERIMENTS IN 'GLOBALISING JUSTICE'**

**1. The New Trade Minister Simon Crean**

A new Federal Government means that there is now a new Trade Minister in charge of Australia's trade policy. Simon Crean now holds that post having previously been the Shadow Minister for Trade and Regional Development. Whilst the election of the Australia Labor Party Government is a step in the right direction for making trade policy more equitable, there is still a lot of work ahead.

The ALP had an election platform of incorporating concerns about environmental and labour standards and human rights into trade policy. In the 2007 ALP National Platform and Constitution it states that Labor will "ensure that all major trade agreements into which Australia enters, bilateral or multilateral, are assessed to ensure that they are consistent with the principles of sustainable development and environmental protection for all regions of Australia." It also outlines making trade agreements respect core labour standards and seeking a formal permanent WTO body to do this. How the government decides to incorporate environmental and labour standards into its trade policy remains to be seen, as does the process for reviewing the impacts of current trade agreements and negotiations.

One key difference in the new government's platform is the proposed increase in transparency on entering into trade agreements. The ALP policy platform states that prior to commencing negotiations Labor will table a document in Parliament outlining the Government's objectives and priorities and include an assessment that considers the economic, regional, social, cultural, regulatory, and environmental impacts expected to arise. At the same time the proposed agreement with any implementing legislation will be tabled in parliament. Whilst this is a welcome display of increased transparency it is less than the parliamentary discussion and approval of entering into negotiations or the signing of an agreement recommended by the Senate Foreign Affairs, Defence and Trade Committee report, "Voting on Trade", of November 2003.

Whilst all of this sounds promising the true test will be in the action of the new government. Mr Crean has already come out making claims about pursuing trade agreements with China, Japan, and Indonesia before receiving the results of the promised evaluation of all proposed trade agreements. Whilst the Labor leadership still embraces the free trade ideology, how it translates its policy platforms into real progress on making trade fairer will depend on strong ongoing public pressure.

## **2. FIJI, PNG 'TURNCOAT' SPELLS DOOM FOR REGION**

Samisoni Pareti

Taken from *Islands Business*

After all that has been said and written about securing a fair and decent trade agreement with the European Union (EU), the two largest islands economies in the Pacific threw caution to the wind and signed up with the Europeans.

Papua New Guinea and Fiji—despite clear advice from trade negotiators at the Pacific Islands Forum Secretariat—broke ranks and signed their economic partnership agreements (EPA) with the EU on November 23, 2007.

In abandoning their much smaller neighbours, the two biggest countries of the Pacific ACP bloc have also thrown into disarray and chaos the Pacific position on EPA.

What exactly the two countries signed was not immediately clear when this edition went to press as the two trade ministers had not commented publicly on this dramatic development since their return.

It could be established however that the EPA signed is temporary with the final agreement to be thrashed out over 2008, and that the two countries were merely acting out of their desire to protect their exports to Europe; tuna and coffee for PNG and sugar for Fiji.

Officials who were with the ministers last month in Brussels said the two countries had signed a text they themselves had not seen.

“The ministers gave in on virtually every issue to whatever the EU wanted and the EPA negotiations are in effect over,” says an email sent to the Pacific Islands Forum Secretariat from Brussels but forwarded by a third party anonymously to ISLANDS BUSINESS.

“The only issue that remains square bracketed is the non-execution clause which would allow trade sanctions for political violations—unheard of at the WTO and possibly illegal.

“In effect, we have abandoned almost all forms of traditional trade policy. In return, we got nothing. They did not get any commitment on aid-for-trade and Mandelson said he would expand the rule of origin for fish to chilled fish only at the end of the negotiations.”

The magazine has discovered that the author of the email was Dr Roman Grynberg, the director of trade and governance at the Forum Secretariat.

He was unwilling to comment when contacted, saying the email in question was a private communication and wondered how it was obtained by the magazine.

Pacific officials in Brussels said Peter Mandelson, the Commissioner for Trade at the EU, personally threatened to impose duty on Pacific exports if no transitory agreement was signed by December 31.

Mandelson was also accused of insulting and appalling behaviour. When Papua New Guinea's foreign and trade minister Samuel Aba called on him in his Brussels office, Mandelson was reported to have pulled out an atlas, saying he wanted to see where exactly PNG was.

"This is not only the height of arrogance, but I think with this type of people running things for the EU, we are never going to get anywhere," Misa Telefoni, chair in office of the ACP Council of Ministers and Samoa's deputy prime minister, told a gathering of Pacific business leaders in Sydney recently.

"All it takes is a little bit of dignity from both sides because I've always made the point that aid is a privilege, not a right."

The appalling treatment of Pacific ministers was also described in the Grynberg email dated November 14. It says officials and ambassadors were insulted and disgusted, adding: "I had never seen ministers looking so dejected as they left. They knew what they had done."

The Pacific members of the ACP were hopelessly divided on the EPA question, obviously brought about the split.

Some officials also questioned the behaviour of Minister Aba who made it very clear to his Pacific colleagues that PNG would sign the EPA with or without the Pacific support.

There were even speculations that he was conducting secret bilateral talks with Mandelson, who seemed well versed with the differences within the Pacific camp.

The Grynberg email also suggested that Pacific trade ministers who were in Brussels last month defied clear advice against holding any negotiations with Mandelson.

"The day before at the PACPTMM (Pacific ACP Trade Ministers Meeting), the secretariat had advised ministers it would be unwise for ministers to meet Mandelson as he would seek to negotiate the text with them and we were too far apart. They indicated they would not enter into negotiations but that there would be discussions only.

"There was substantial pressure from PNG, Tonga and Fiji to have the meetings. Samoa, Cooks and Vanuatu were very reluctant.

"In the end, they felt they had to see him because they were in Brussels."

The most disturbing implications of PNG and Fiji's decision will be on the region's negotiations over PACER, the Pacific Area Closer Economic Relations with Australia and New Zealand.

Since the EPA signing will trigger negotiations on PACER, the concessions the two bigger countries have signed off with Europe will automatically be extended to the two Trans-Tasman neighbours.

Fiji which has been a victim of four coups over the last two decades will particularly be horrified about the non-exclusion clause it has signed with the EU as it would mean that it would cop severe trade sanctions from the EU, Australia and New Zealand in the event of another coup.

Some critics say the Pacific have only themselves to blame for the disastrous blunder.

Despite the serious implications of having a good EPA, the islands seemingly approached the negotiations with an almost knee jerk and lethargic attitude. Both these countries that wilted under strong EU tactics and threats had a complete makeover in their trade negotiation teams in recent times. Both ministers, Aua for PNG and Nailatikau for Fiji for instance may be seasoned politicians but are deemed trade novices.

While PNG and Fiji might argue that what they have signed is merely "temporary," the Grynberg email seems to suggest otherwise.

"The EPA negotiations are in effect over. It will take some time to clean the text.

"We are the first region to close and it will take some time for the international ramifications and blame to be attributed to use for setting the precedent."

[http://www.islandsbusiness.com/islands\\_business/index\\_dynamic/containerNameToReplace=MiddleMiddle/focusModuleID=17768/overrideSkinName=issueArticle-full.tpl](http://www.islandsbusiness.com/islands_business/index_dynamic/containerNameToReplace=MiddleMiddle/focusModuleID=17768/overrideSkinName=issueArticle-full.tpl)

### **3. Int'l groups concerned over free trade in climate policies**

www.chinaview.cn 2007-12-08 22:33:01

BALI, Indonesia, Dec. 8 (Xinhua) -- International groups for development and environment have raised concerns over trade and climate policies as trade ministers on Saturday joined discussions of the ongoing U.N. Climate Change Conference.

Dozens of trade ministers and representatives from international organizations started the Informal Trade Ministers Dialogue on Climate Change Issues here on Saturday. This is the first time that trade ministers have joined an international conference on climate change.

During their two-day meeting over the weekend, the ministers will discuss the possible inter linkages between trade, investment and climate policies.

However, international development agency Oxfam said that the meeting has been seriously compromised by a proposal by the United States and the European Union

(EU) that uses the climate crisis to push for their trade liberalization schemes heavily criticized at the World Trade Organization (WTO).

The United States and the EU have launched a joint push for freer trade in environmental goods and services through the WTO ahead of the talks, including climate-friendly technologies.

"The U.N. conference on climate change is being used as a pretext to dust off old proposals that haven't gotten anywhere at the WTO," said Barry Coates, executive director of Oxfam New Zealand in Bali on Saturday.

"A high priority for action on climate change is support of developing countries to access affordable and clean technology and to develop technology that is most appropriate to the challenges they face. But rich countries have done little to honor their commitments," he said.

"Rather than taking bold action to provide resources for technology transfer to developing countries, the EU and the U.S. are passing around old wine in new bottles," said Coates.

The proposal would open up developing country markets to goods that are mainly produced in rich countries, according to Oxfam.

"The U.S. and the EU have repeatedly sought market access in developing countries -- including for environmental goods and services -- but they have steadfastly refused to reform their own unfair trade practices," said Coates.

"This proposal could create the impression that the climate change challenge at the WTO can easily be addressed through promoting trade in a select few goods and services," said Coates.

He called for a new approach from the rich countries in trade negotiations, one that aims to support sound policies to reduce greenhouse gas emissions and poverty rather than pushing a "mercantilist" approach.

Meanwhile, Friends of the Earth International warned on the eve of the talks that the informal trade talks could seriously threaten the opportunity for a just and sustainable way forward on tackling climate change.

"This informal trade ministerial taking place behind closed doors on the sidelines of climate talks is deeply worrying. What the climate negotiations need is trust and transparency. The World Trade Organization's anti-poor, anti-environment agenda must be kept out of the U.N. climate process," said Friends of Earth International Chair Meena Raman on Friday.

Technology transfer is not about reducing trade barriers. If the EU and the United States were serious about helping developing countries tackle climate change, they should be radically reducing their own emissions and living up to their obligations by paying their climate debts, said Raman.

The Bali Conference, which opened Monday, is widely expected to make a breakthrough in the form of a roadmap for a future international agreement on

enhanced global action to fight climate change in the period after 2012, the year the first commitment period of the Kyoto Protocol expires.

Editor: Yan Liang

#### **4. WTO UPDATE**

The Doha round talks continue to drag on with WTO Chairman Pascal Lamy saying that texts for agriculture and manufactured goods are due in late January next year. There is hope that a deal in agriculture and manufactured goods can be done in March 2008 but that too is looking optimistic with some rumours of people talking about a new deadline in June.

To complicate matters even more the talks on Services has seen an aggressive push from the US and EU. Many developing countries see Services as being a minor part of the Doha round and any new talks having to be faithful to Annex C of the Hong Kong Ministerial and flexible to the developmental principles within GATS. The US came out with a public statement declaring the importance of services to be equal with agriculture and manufacture goods in the Doha Round market access goals and stating that new talks should see Annex C as the starting point for commitments.

This has been met by strong opposition from some developing countries who argue that the developed countries are trying to bully other countries into opening up their services markets. They warned that this could upset the delicate balance that was struck to make the Annex C agreement and could result in a collapse of the talks.

Hilary Clinton has also recently made statements indicating her uncertainty over the benefits of the Doha Round and called for a full review of all US trade deals. This casts further doubts over any outcome from the WTO as the negotiations move closer to being stalled by the US presidential elections due in November 2008.

#### **5. FREE TRADE AGREEMENTS UPDATE**

**JAPAN** – The Australian government has announced some progress on the negotiations with both countries having similar views on the text negotiations. This has spurred hopes of starting market access negotiations within the first 3 or 4 months of 2008. There are concerns that an early election in Japan could be called and the FTA would get caught up in the election cycle with both parties vying hard for the agriculture vote. The next round has been tentatively scheduled for late Feb.

**CHINA** – Once again there seems to be no sign of these negotiations moving forward. Tariff negotiations are still on hold with Australia waiting to see a better offer from China. The talks are still a long off any texts on services or investment with no agreement on whether or not it will be a positive or negative services agreement.

The ALP platform policy on factoring in labour and environmental issues is still being worked out within the department. DFAT stated recently that the government is not necessarily committed to advancing these through the FTA.

China wants the next round of negotiations towards the end of the first half of 2008, to allow time for potential new ministers to be briefed.

**ASEAN** – Negotiations seem to be moving quickly. The August meeting of ministers agreed to aim to conclude negotiations by May 2008 and sign on 29 August. The FTA is being sold as an entire package, with the exception of government procurement and competition policy. Tariff levels are still a sticking issue with ASEAN yet to meet Australian demands on reduction levels. DFAT has included “Economic Cooperation” in this FTA to sweeten the package by offering capacity building aspects.

The next round of public consultations on services in the agreement will be in February 2008 to help prepare a prioritised negotiation list.

**MALAYSIA** – Little progress is being made on this agreement as Malaysia currently seems preoccupied with the US/Malaysia FTA. Added to this, within Malaysia there is a growing public sentiment against FTAs.

**GULF COOPERATION COUNCIL** – Negotiations are moving slowly as the GCC is flat out negotiating with a range of other partners as well. GCC has expressed its desire to finalise an FTA with any of the negotiating partners with Australia being very vocal about its desire to be the first. So far Australia has made offers in services and government procurement.

The next meeting will be in early March 2008 in Canberra

**CHILE** – From the 2 rounds already held DFAT seems to think that it is all proceeding smoothly with both countries having similar ideas about what an FTA should look like. There appears to be well developed texts on all aspects except the disputes settlement procedure. Chile’s market access offer for goods was less than Australia wanted with sensitive sectors like sugar, wheat and wheat flour being left out.

Some differences still exist on investment, intellectual property, services access and government procurement but DFAT reports that these are being approached well by both parties. Chile wants to see environment and labour included in the FTA something that DFAT is seeking the new trade Minister’s advice on how to incorporate.

**USFTA** – The committees that have been established as part of this agreement have been continuing their work. A recent DFAT Department briefing mentioned the work of the committees on agriculture, professional services and financial services, but no mention was made of the medicines working group. These committees are seeking increased Australian access for agriculture and greater integration of financial services, whilst the professional services committee is looking at mutual recognition to allow access for such services in the US.

**ANZCER** – Australia has undertaken a bilateral agreement on investment with New Zealand that is looking to offer the same investment screening conditions that were negotiated with the AUSFTA. No dates were given about this or information about what level the negotiations are at.

**SINGAPORE** – Australia is frustrated by the incredibly slow implementation of the agreement. Australia isn’t looking to push this too hard at the moment as they are worried about upsetting the ASEAN negotiations.

**THAILAND** – The focus of this FTA is advancing the built-in mechanism for increasing liberalisation in areas like services, investment, govt procurement, tariffs and labour mobility. Both countries will enter into negotiations on these after 1<sup>st</sup> Jan 2008.

**PACER PLUS** – Australia and New Zealand are waiting to see the fallout from the recent signing of partial agreements between Fiji, PNG and the EU. Many Pacific Island Countries are dubious about the benefits of free trade and are not rushing into negotiations with PACER. DFAT sees an agreement as a way to promote the region to commit to trade liberalisation principles. In the light of the EU signings, DFAT will look into ways to speed up negotiations to ensure that Australia doesn't miss out on opportunities.

DFAT is open to consultations about this and looking for submissions before April.

**INDONESIA** – Australia and Indonesia aim to have their joint feasibility study completed by mid 2008. The new Trade Minister Simon Crean has already strongly stated that he wants an FTA with Indonesia.

**INDIA** – The feasibility study for an INDIA FTA is slowly forming with Australia hoping to have agreed terms of reference by Christmas. The government has already indicated that it would be vigorously committed to an FTA with India. The Department is now open for public submissions and looking to have public consultations in late Jan/early Feb with an eye to complete the study by the end of 2008.

**KOREA** – Australia now has a comprehensive draft study completed by ITS Global (Alan Oxley's company) and a Korean firm. DFAT has stressed to the Minister that this study and potential agreement is a priority. The release of the study has been delayed to avoid being incorporated into the December 19 Korean Presidential Elections.

**MEXICO** – The Joint Experts Group study is expected early next year with peak bodies able to make comments on it. AFTINET has contacted the head of the task force on the negotiations seeking access to the study in order to provide comment. The current political climate in Mexico seems to be focussed more on domestic issues and leaving a lack of impetus for FTAs.

## **6. Aid/Watch Fundraising Trivia Night – “The Howard Years” December 17**

Can you name more Tasmanian MPs than John Howard? More South Australian Senators than Kim Beazley?

Join AID/WATCH to celebrate the end of the year by testing your knowledge of the past decades best political trivia. Hosted by Sydney's quickest and quirkiest political satirists - Radio 2SERs the Gristle, this night of fun and entertainment will be on the 17th of December, 6:30-9 at the Camperdown Bowling Club, Mallet St, Camperdown. \$10 Concession, \$20 Waged, \$50 Passionate. To book a table (of 6) or your seat, RSVP by the 10th of December to [admin@aidwatch.org.au](mailto:admin@aidwatch.org.au) or 0411584012.

**7. Fair Trade, Corporate Accountability and Beyond: Experiments in 'Globalising Justice,' Melbourne Law School, The University of Melbourne, December 19th - 20th 2007**

While fair trade systems and a range of other supply chain governance and corporate accountability initiatives are well established in the UK, Europe and parts of the Americas, the development of such initiatives in the Australian context has tended to lag behind. This situation is currently undergoing dramatic change. In the year 2006 Australia/New Zealand represented the fastest growing market for Fairtrade certified products in the world. Such growth reflects rising awareness and concern for issues of human rights, social development and corporate responsibility associated with the management of global supply chains.

This two day workshop will provide a forum to enable local and regional stakeholders and their international counterparts to come together in pursuit of three specific goals:

- \* First, to learn lessons from international experience in developing and implementing supply chain governance initiatives, with the aim of more clearly understanding what works and why in different contexts.
- \* Second, to examine how the development of such initiatives is currently playing out within Australia/New Zealand and the Asia Pacific Region, and explore the opportunities and challenges particular to this local and regional context. Analysis will focus on the Fair Trade system, the Fairwear initiative, and the experiences of groups seeking to promote improved labour standards in China and the wider Asian region via a combination of advocacy, monitoring and grassroots organising activities.
- \* Third, to lay the foundation for more effective and sustainable networks of collaboration and learning among companies, practitioners, activists and academics in Australasia and the Asia Pacific, as a means of promoting the expansion and strengthening of supply chain governance systems in this region.

The Workshop will be held at the Melbourne Law School, The University of Melbourne.

Registration fees are payable by cheque or credit card.

Full: \$99.00 (inc. gst)

Student: \$49.50 (inc. gst)

The registration fee covers lunch and refreshments on both days.

Conference Dinner: \$37.90 (inc. gst)

The dinner will be held at 7pm, Wednesday 19th at Cafe Italia.

Please indicate on your registration form if you wish to attend.

The registration deadline has been extended until Wednesday 12th December.

Please return forms by Wednesday 12th December to

CELRL, Melbourne Law School

The University of Melbourne, Vic, 3010

Fax: 9349 4623

Further details regarding the event, including links to details on speakers, are available here:  
<http://www.fairtrade.com.au/dec07workshop.htm>