

## AFTINET Bulletin No. 21, 27 June 2001

If you would like to contribute material to the bulletin, please contact Pat Ranald by email at [pranald@piac.asn.au](mailto:pranald@piac.asn.au). Our website is [www.aftinet.org.au](http://www.aftinet.org.au).

### Contents

1. Reply to Financial Review Article attack on the Fair Trade Movement
2. Australia Singapore Free Trade Agreement: letter to the Minister
3. Useful articles on GATS and DFAT report on WTO and APEC services negotiations
4. WTO New Round in Doubt: NY Times Article
5. Coming Events Sydney
  - a) Naomi Klein July 18 6pm UTS Tower Building
  - a) Conference on Corporate Power, UTS, Sydney, Sept 26 to 29

-----

### 1. Reply to Financial Review Article attack on the Fair Trade Movement

The Financial Review published this reply by Pat Ranald to an article which attacked the Fair Trade movement as its feature letter on June 18.

The Editor  
Financial Review

Peter Hartcher's article "Global manipulation" (AFR June 13) attempts to smear those demanding fair trade by claiming they are manipulated by "powerful vested interests" including unions and farmers organisations. This is ironic, given that his previous article on June 12 documented the lobbying efforts of the most powerful US corporations for free trade agreements. These corporations often have more resources than governments, let alone community organisations.

The fair trade movement in Australia is in fact made up of churches, environment groups, human rights groups, unions and many other community groups which share common concerns about the current trade regime. They support trade and the need for international regulation of trade. But they question the secretive and undemocratic structures of the World Trade Organisation, and the impact of its one-size-fits-all policies on very different societies. These concerns are shared with many developing country governments, which object to the domination of WTO structures by the most powerful economies.

WTO agreements include services, agriculture, intellectual property and environment and health regulation. These can affect many areas of national policy. The WTO disputes panel can authorise trade sanctions. Panel decisions have challenged Australian policies on export incentives and quarantine rules on fresh salmon.

US drug companies have recently prevailed on the US government to lodge a WTO dispute against the government of Brazil alleging violation of their intellectual property rights as defined in a WTO Agreement. The Brazilian government has committed the crime of having the most successful AIDS treatment program in South America by manufacturing cheap generic drugs and distributing them to those who would otherwise die. In whose interests does this agreement operate?

Community organisations want trade decision-making meetings to be open, democratic and to give more voice to developing countries. They want trade rules to be consistent with environmental and human rights agreements. They want public goods like cultural activities, public health and education to remain excluded from trade agreements so that governments can regulate in the public interest. And they want a fair intellectual property rights system that enables governments to provide essential medicines for epidemics at affordable prices.

In short they want trade rules to reflect the public interest.

## **2. Australia Singapore Free Trade Agreement: Letter to the Minister**

Previous AFTINET Bulletins have warned that the proposed Singapore Australia Free Trade Agreement posed dangers for Australia because of the precedent it could set in areas like services, investment and local content rules. The *Age* article below confirms those fears, and that there is a rush to conclude the agreement without public debate or accountability. Such an agreement could then be used as a model for other bilateral agreements, including the Australia USA Free Trade Agreement which is also under discussion.

*Deal to open up services nearer* By Tim Colebatch  
*The Age Thursday 21 June 2001*

Singapore and Australia seem to have hurdled the main barriers to a free-trade agreement, trade ministers from the two countries declared yesterday after intensive discussions in recent days. A deal is in prospect that would open up all service industries in each country to companies from the other, except those in sectors defined on a "negative list".

This could allow Australian professional and consulting firms into Singapore's now-protected market in areas such as legal, accounting and architectural work, while exposing Australia's service industries to competition from Singaporean firms. Singapore's Minister for Trade and Industry, Brigadier-General George Yeo, cautiously predicted that a free-trade agreement between the two countries would be ready for their prime ministers to sign in October at the APEC summit in Shanghai.

"We are working hard to make that happen," Brigadier-General Yeo said at the end of a two-day ministerial meeting here between the two governments. "There is still a lot of work to be done, but we have sort of visualised the shape of how negotiations can be concluded." Australian Trade Minister Mark Vaile agreed, saying talks at the meeting had been productive, particularly in tackling the sensitive areas of opening up service industries to competition and defining rules of origin.

Under a compromise plan outlined to a Senate committee on Tuesday night by the head of Australia's negotiating team, Don Kenyon, Singapore is close to adopting Australia's proposal to declare all service industries open to Australian firms except those placed on a specific "negative list", and vice versa. Also, Australia will consider relaxing its 50 per cent local content rule to give duty-free access to Singaporean exports of goods facing no Australian-made competitors.

Brigadier-General Yeo said he would take a recommendation to Singapore's cabinet shortly on whether to adopt the "negative list" approach to service industries. He praised Australia's willingness to be flexible in defining local content under the proposed agreement. Singapore has few tariffs on imported goods but has banned foreign competition to its service providers.

In the past two years, however, Deputy Prime Minister Lee Hsien Loong has overseen a rapid liberalisation of the financial sector.

*Letter to the Minister*

Please send the following letter to the Minister:

The Hon. Mark Vaile MP  
Minister for Trade  
Parliament House  
Canberra  
Email Mark.Vaile.MP@aph.gov.au

Dear Mr Vaile

I read with deep concern a report in The Age of June 21 that the Singapore Australia Free trade agreement may be concluded by October.

The article reports that agreement has almost been reached to include all services in the agreement unless they are listed as exceptions in a “negative list”. This is modelled on the failed “top down” Multilateral Agreement on Investment (MAI) of 1998. This model was rejected by community organisations and, in the end, many governments, precisely because it is impossible to foresee all the implications for all industries and to exclude everything that needs to be excluded. It also cuts off options for policy change in the future. Even the current WTO GATS agreement (like most WTO agreements) is an agreement “by inclusion”. This means that many of its rules apply only to those service sectors specifically listed in the agreement. This is because most governments recognise that many services like water, electricity, telecommunications, health, education and social welfare are essential to peoples’ living standards and cannot be treated only as commercial goods. Others like financial and airline services need to be regulated in the national strategic interest. The current controversy about investment by Singapore Airlines in the Australian and New Zealand national carriers shows widespread public concern about these issues . Governments must retain the right to regulate, and if necessary, provide, services in the public interest. Such rights should not be signed away in “top down” trade agreements.

The article also reports a proposal to reduce the 50% local content rule. The proposal to reduce this rule, even for goods which currently face no Australian competitors, is also a dangerous precedent. This would allow duty free entry into Australia of goods manufactured outside Singapore, in “free trade zones” in the region. Often these zones have no effective minimum labour or environmental standards.

I am deeply concerned that commitments have been made to such an agreement and to a rushed time table before public debate of these issues.

I urge you to suspend negotiations pending a full public debate.

Yours sincerely

(name and address)

**3. Useful articles on GATS and DFAT report on WTO and APEC services negotiations**

a) Peter Ellis *GATS: Possible changes and Possible Consequences* Conference paper delivered in Perth June 15 (10.000 words)

<http://members.iinet.com.au/~peterell/gats.doc>

b) Richard Sanders *GATS the end of democracy?* Published in the Australian Financial Review June 15 (3000 words)

<http://members.iinet.net.au/~jenks/Sanders.html>

The following report from the DFAT Service bulletin shows that the GATS negotiations are ploughing ahead in the WTO and that input from regional organisations like APEC are being used to reinforce the WTO process.

AFTINET campaign materials explaining the problems with these negotiations, which could reduce the right of governments to regulate services, and to provide public services , are on the website [www.aftinet.org.au](http://www.aftinet.org.au)

They include a letter to the Minister and an international sign- on statement.

## WTO SERVICES NEGOTIATIONS (GATS) (From the DFAT Services Bulletin)

Following agreement on the GATS Negotiating Guidelines during the WTO Council for Trade in Services Special Session in late March, the Services Council held a further Special Session from 14 to 18 May largely to consider the negotiating proposals which have been tabled by Members. The work program enabled consideration of the negotiating proposals on a sector by sector basis, beginning with horizontal issues and then working through the sectors according to the order of the GATS classification.

Two further Special Sessions of the Council are scheduled for July and October when only half of the proposals will be considered at each meeting, to enable examination of the proposals in greater detail. As is usual the GATS specialist committees, the Committee on Specific Commitments, the Working Party on Domestic Regulation, the Working Party on GATS Rules and the Committee on Financial Services met in the days leading up to the Council. The work of the Committees meshes in with the negotiations in the Council under Article XIX and over time and we expect that this work will assume increasing urgency and importance as specific issues are referred to these Committees from the Council.

The Committee on Specific Commitments should be required to address proposals to amend the existing GATS classification, and is likely to be required to advise on various details covering the (later)request/offer phase of the negotiations. The Working Party on GATS Rules is required to complete work on an Emergency Safeguards Mechanism by March 2002.

The Working Party on Domestic Regulation is charged with the development of Regulatory Disciplines under Article VI (4), and with General Disciplines for Professional Services. Consideration of the proposals in the Council gave Members the opportunity to introduce new proposals, speak to those proposals already introduced, and for other members to express views and/or asked questions.

The major horizontal proposal (currently) on the table relates to Mode 4 (movement of natural persons) and has been made by India (W/12). India's objective at this stage is to assess the nature of the liberalisation that has taken place in Mode 4 under the existing GATS framework and the extent to which the objectives of Article IV have been operationalised. India noted that Mode 4 issues are of significant export interest to developing countries. There is likely, ultimately, to be a working group on Mode 4 issues. A number of Members pointed to the importance of the provisions in the Annex on Movement of Natural Persons Supplying Services Under The (GATS) Agreement as informing their general views on Mode 4. In respect of the sectoral proposals there was an active initial discussion.

Australia received initial questions or comments on its proposals on Accounting Services, Legal Services, Engineering and Construction Services, Telecommunications Services and Financial Services. For further information on Australia's WTO trade in services negotiations contact the Director of the Services Trade and Negotiations section at [tjeff.hart@dfat.gov.au](mailto:tjeff.hart@dfat.gov.au) or [services.negotiations@dfat.gov.au](mailto:services.negotiations@dfat.gov.au). All of the negotiating proposals presented by members to the WTO can be found on the WTO website at: [www.wto.org](http://www.wto.org)

APEC Group on Services Meeting, Shenzhen China

APEC brings together 21 Asia-Pacific economies: Australia, Brunei, Canada, Chile, China, Hong Kong China, Indonesia, Japan, Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, Philippines, Russia, Singapore, Thailand, Chinese Taipei, United States of America, and Vietnam.

The second meeting for 2001 of the APEC Group on Services (GOS) was held in Shenzhen, China on 28 to 29 May. The meeting discussed the development of The Menu of Options for Voluntary Liberalisation, Facilitation and Promotion of Ecotech in Services Trade and Investment. This project aims to produce a list of policy measures to assist APEC governments develop more liberal, open domestic regulatory regimes for trade in services. Five topics under the Menu of Options were discussed at GOS II: competition policy and law; mutual recognition arrangements; electronic technology; domestic regulation; and Ecotech (economic and technical co-operation in HRD and infrastructure). The GOS also agreed to a number of Australian proposals to action recommendations from a report on Measures Affecting Trade in Educational Services in the Asia-Pacific Region.

One of these actions is that GOS members will consult with their own domestic agencies on the feasibility of a standstill on measures which apply to the cross-border mode of supply for education services. The GOS also agreed to a New Zealand proposal to improve the GOS's contribution to the WTO's work on services. The proposal involves identifying APEC services-related work for input into the WTO Council for Trade in Services and its subsidiary bodies; and to promote information exchange and technical assistance to support GOS members' preparations for participation in the WTO services negotiations. The next meeting of the GOS will be in Dalian, China on 18 to 19 August 2001. For further information contact Richard Mathews, tel (02)6261 3529, richard.mathews@dfat.gov.au.

#### **4. New WTO Round in doubt**

##### **Seattle Failure Weighs on Future of New Trade Talks**

By ELIZABETH OLSON NY Times, 6/26/01

GENEVA, June 25

While huge diplomatic momentum is gathering behind the idea of a new round of global trade talks, fundamental differences between rich and poor nations and the United States and its trading partners over what should be on the agenda are clouding the talks before they can begin, just as they did in Seattle in December 1999.

After being mired for a year after the Seattle debacle, the trade round juggernaut began to gather speed again early in the year when Pascal Lamy, the European Union's trade commissioner, spoke strongly in favor of starting a new round at the World Trade Organization's next ministerial meeting, to be held in November in Doha, Qatar. In May, President Bush declared free trade a "moral imperative," and the United States trade representative, Robert Zoellick, promoted the idea on a subsequent swing through Europe. Trade ministers from Asian nations added their voices, saying a new round is urgently needed to head off the protectionism that often flares when economies slow down.

Last month, the Organization for Economic Cooperation and Development also called for a trade round. For the Doha meeting to succeed, the trade group must find enough common ground among its members to hammer out a workable agenda before it starts. To that end, trade officials have gathered at the organization's headquarters in Geneva in recent weeks, and early soundings have found deep disagreements. "It's obvious there is a large gap in views," one European envoy said. The divisions follow a pattern that was largely evident before the failed Seattle meeting.

The European Union leads a group of nations favoring a broad mandate for the talks to make trade concessions more palatable domestically. They want to include food safety, environmental standards, foreign direct investment and national competition policy in the talks. The United States, which has yet to state its position unequivocally, is believed to want to sidestep fractious subjects like antidumping rules and limits on import surges. In May, Mr. Zoellick said Washington favored a "focused agenda" concentrating on better access for services and agricultural and industrial goods. So far, the American and European representatives here have played down differences in public, most recently at a joint news conference today, where both sides used the term "ambitious agenda" for their positions.

But President Bush's steps to curb steel imports and a belief that he wants to avoid signing any agreements that would foreclose such actions have irritated some United States trading partners. But the developing countries that make up the bulk of the trade organization want limits on such antidumping actions to be high on the agenda. Led by India and Pakistan, the developing nations have spoken about opposing a new trade round because they say their interests received inadequate attention at the last set of talks, the Uruguay Round, which ended in 1994. "We are not ready for it," India's trade envoy, Srinivasan Narayanan, said of plans to start a new round at Doha. "We'll lose more than we'll gain."

The person who is trying to reconcile these competing views is Mike Moore, head of the World Trade Organization, who has been trying to build momentum for a new round since the Seattle meeting fell apart a few months into his term. Mr. Moore wants an outline agenda in place by the end of July, so that negotiations will not stretch into the 11th hour as they did at Seattle.

Mindful of the stakes, a group of high-level trade officials travelled to Geneva from their home capitals today to try to move the process forward. "If we fail for a second time, it will contaminate the atmosphere and create the idea that we can't take the hard decisions," Japan's trade negotiator, Yoichi Suzuki, said last week. Japan is generally aligned with Europe in the talks. Some diplomats believe that most of the bare-minimum ingredients of a new round are already in place - the talks on agriculture and on services, including banking, insurance and telecommunications, that were agreed to during the Uruguay Round. If one or two more areas, like tariffs on non farm products or trade facilitation, can be added, the talks could be labelled a new round. Looming in the background is the volatile issue of linking labor standards to trade. Developing countries bitterly oppose making labor standards a matter for the trade organization, which can authorize sanctions. "For them, this is not a line in the sand, it is a canyon," Mr. Moore said. But American and European labor unions have pressed hard for a system that can impose real consequences on countries that fail to protect workers and the environment, and street protests over the issue helped sink the Seattle talks.

## **5. Coming Events Sydney**

### **a) Naomi Klein July 18 6pm UTS Tower Building**

Naomi Klein, author the of best-selling book "No Logo", which provides a critique of corporate-led globalisation, will be speaking in the UTS Tower Building. Sponsored by NUS and IndyMedia. Contact Ryan Heath for more information 0408 704 427.

### **b) Conference on Corporate Power, UTS, Sydney, Sept 26 to 29 Registrations now open**

**CORPORATE POWER OR PEOPLE'S POWER? TNCs AND GLOBALISATION 27, 28, 29 September 2001 University of Technology Sydney, Harris St, Sydney.**

This is the third Asia-Pacific Research Network (APRN) regional conference. APRN is a network of 35 NGO research centres from across East, South and South-East Asia and the Pacific. Participants use the Network to compare experiences, create common research agendas, agree on priorities for future research, and develop shared strategies.

How to register

Visit the APRN website: [www.aprnet.org](http://www.aprnet.org), and follow the links for the conference.

The conference is being hosted in Australia by AID/WATCH, along with a local organising group that includes members of the Faculty of Humanities and Social Sciences at UTS, and representatives of the Public Interest Advocacy Centre, Mineral Policy Institute, Trade Union Aid Abroad, Friends of the Earth, the Australian Manufacturing Workers Union and the Construction, Forestry, Mining and Energy Union.

## DRAFT PROGRAM

### DAY 1: WEDNESDAY SEPTEMBER 26

6.00-8.00 Forum and Book Launch 'When mountains are moved: communities confront mining and globalisation'

### DAY 2: THURSDAY SEPTEMBER 27 : TRENDS AND IMPACTS

9.30-10.00 Welcome to Country

10.00-10.30 APRN Welcome

11.00-1.00 Keynote speeches Recent Evolution of TNCs; Schools of thought on TNCs

2.00-5:00 Workshops on sectoral impacts: agribusiness; labour; infrastructure and mega-projects; Consumers; environment and resources; TNCs in the Pacific; indigenous peoples and TNCs

6.0-9.00 Public Forum Agendas for contesting corporate power in Australian and the region

### DAY 3: FRIDAY SEPTEMBER 28 : POWER AND INFLUENCE

9.30-10.00 Plenary Report-back

10.00-11.30 Keynote Speeches The new power and influence of TNCs; New challenges in defining strategies

12.00-2.00 Press conference and protest

Coinciding with protests against the IMF/WB meeting in Washington, US

2.30-5.30 Workshops On the power and influence of TNCs: TNCs and trade; TNCs and the state; TNCs and finance; TNC lobbying and public relations; TNCs and militarization.

### DAY 4: SATURDAY SEPTEMBER 29: STRATEGY

9.30-11.00 Plenary

Common and contrasting experiences: four campaign case studies

11.30 - 1.00 Workshops Strategy: labour movements; regulation and self-regulation; solidarity against TNCs; targeting the state; engagement and confrontation; alternatives to TNCs;

2.00-4.00 Workshops Proposals for common research and common action

4.00-6.00 Plenary Report and Closing Speech

8.00-11.00 Solidarity Night