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MEDIA RELEASE

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Report urges trade strategy change to support manufacturing industry

“Buried deep in the Australia Institute’s [report](#) released today, called *Manufacturing Still Matters*, is a blistering critique of trade deals that weaken governments’ ability to use their own purchasing power to support local industry,” Dr Patricia Ranald, Convener of the Australian Fair Trade and Investment Network said today

“The report says on page ten that Australia’s free trade agreements with the US and China have been unbalanced in trading off essential government levers like the use of government procurement to support local manufacturing industry. These deals have allowed others to keep local procurement arrangements like the “buy America” scheme while Australia has conceded far more.”

Dr Ranald said that the report asks why Australian negotiators would accept such asymmetry in the first place, let alone continue to approve its application, despite the obvious negative effects. It recommends that trade strategy should change to make agreements more balanced. Australian governments should also take maximum advantage of safeguards in existing trade agreements, which do allow interventions in cases of natural interest or industrial distress, in cases like the steel industry. Failure to do so puts Australian industry at a disadvantage compared with competitors. The report provides evidence that all successful manufacturing nations have used procurement and other active government policies to develop globally competitive industries.

“The report’s polling results show that 70% of Australians support local content in government purchasing in areas like the defence and steel industries (page 13). This is why the Coalition government had to bow to public pressure and agree that new submarines should be built in Australia”, said Dr Ranald.

“This report reinforces scepticism about the Trans-Pacific Partnership (TPP) trade deal with the US and 10 other Pacific Rim countries, which has yet to be ratified, and will go before the Parliament after the election. The TPP procurement chapter reinforces current unbalanced procurement deals. This is yet another reason why the TPP will not deliver benefits for Australia, and should be rejected if it cannot be renegotiated.

The Coalition Government strategy to sign the voluntary [WTO Government Procurement Agreement](#) (which only 45 out of 160 WTO members have signed) would also lock in current unbalanced procurement deals and should also be scrutinised and rejected if it prevents governments from having effective local procurement policies,” said Dr Ranald.

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