



BULLETIN - December 2018

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1. Introduction

Dear Members,

We thank everyone who attended AFTINET's Annual General Meeting in November, where AFTINET convenor Pat Ranald reported on the TPP-11 and the RCEP and Arthur Rorris from the South Coast Labour Council spoke rousingly on the impacts of neoliberal trade deals on regional communities. Watch the video [here](#).

The Regional Comprehensive Economic partnership ([RCEP](#)) is being negotiated between 16 countries. The deal is bigger and more secretive than the TPP and is being resisted by many RCEP communities. This will be our major campaign in 2019. See our latest leaflet [here](#).

Thanks to everyone who donated to our campaigning through 2018, and to our Christmas appeal. We are completely reliant on fundraising, and are trying to raise \$2000 by 2019 to fund a banner opposing the RCEP, flyers, other materials and more. If you're able to [donate](#) or [share](#) our campaign we'd really appreciate it!

We wish everyone a joyful holiday and look forward to working with you in 2019.

Happy reading,

The AFTINET team.

2. Resistance to the RCEP: support the campaign

The RCEP trade deal is currently being negotiated between 16 countries, including India, China, Japan, South Korea, Australia, New Zealand and the ten ASEAN South East Asian countries. These include 50% of the world's population.

The RCEP has been strongly resisted by communities in many of the RCEP partner countries, particularly because leaked documents show it will contain investor rights to sue government (ISDS) and stronger medicine monopolies, and could have negative impacts on democracy, workers, public services, the environment and women. The deal is bigger and more secretive than the TPP. See AFTINET's latest flyer here.

In India, strong resistance from both civil society and domestic industry has led their Government to commission a study on potential gains or losses to its economy from the "free" trade deal. Comprehensive studies are not frequently conducted before or after countries sign such trade agreements, so the move is welcomed by many. It will inform future RCEP negotiations for the Indian government, which decided earlier this year not to offer further concessions that could harm domestic industries.

In Indonesia, health specialist Eva Novi Karina has warned of possible dangers of the RCEP to public health. Under the leaked proposals, monopolies on medicines would be extended in Indonesia and other developing countries. This will delay the availability of cheaper generic medicines, meaning higher costs for governments, and reduced access to essential medicines overall.

Delegates from health and community organisations across the globe met recently at the Global People's Health Assembly and produced a critical statement about the possible impacts of the RCEP on public health. The statement covers a wide range of issues including access to medicines and health services, climate change, food security and gender inequality. You can sign on to the statement as AFTINET did here.

RCEP negotiations will continue into 2019 and we're fighting to take TPP-like proposals out of this deal.

You can donate to our campaign, or send a message to the trade Minister telling him you oppose increased corporate rights in the proposed RCEP, and support enforceable workers' rights and environmental standards.

3. Parliamentary committee to review WTO procurement agreement - submissions due 1 February

The Australian government finished negotiating its accession to the WTO Government Procurement Agreement (GPA) in November 2018, after four years of secret negotiations. Australia's commitments have now been tabled in Parliament and there is an inquiry by the Joint Standing Committee on Treaties.

AFTINET is concerned that these commitments may limit the ability of federal or state governments to use local products like steel in government procurement.

Submissions close on February 1. We urge those concerned to make submissions.

4. Peru FTA is first test of Labor's new trade policy and should be opposed

AFTINET welcomed the Labor Opposition initiative to revisit the Peru-Australia FTA (PAFTA) because it duplicates the TPP-11 and includes foreign investor rights to sue governments (ISDS) which the Shadow Trade Minister has pledged to oppose in all trade agreements after Labor supported the TPP.

AFTINET's submission opposed ISDS in PAFTA because ISDS enables global corporations to bypass national courts and sue governments for millions of dollars in unfair international tribunals.

We were disappointed that the majority report of the Government - dominated Joint Standing Committee on Treaties (JSCOT) recommended ratification of the Peru-Australia FTA last week.

Labor committee members made critical remarks on ISDS and recommended that the Coalition government seek to remove ISDS provisions from PAFTA, asking that the implementing legislation be delayed until this was achieved. But this falls short of the pledge to oppose the implementing legislation for deals containing ISDS. It remains to be seen if Labor will oppose the legislation.

5. Fundamental change is needed on ISDS

AFTINET joined more than 300 civil society groups in November in urging governments at United Nations meetings to completely overhaul the controversial Investor-State Dispute Settlement (ISDS) system contained in trade agreements like the TPP-11, which the Australian government has just ratified. The signatories include global organisations such as Public Services International, Friends of the Earth International, and ActionAid.

The public letter is the latest example of a growing backlash against ISDS. There are now 855 cases and corporations who have won billions of dollars in compensation awarded by international tribunals for health, environment, indigenous rights and other public interest regulation. Governments from South Africa to Indonesia have terminated many of their treaties that include ISDS. Even the United States, Mexico, and Canada have agreed to roll back ISDS in the new North American Free Trade Agreement (NAFTA).

The letter says that ISDS is fundamentally unbalanced because it empowers foreign corporations "to sue governments outside of domestic court systems for unlimited amounts of compensation, including for the loss of expected future profits."

See the full text of the letter and list of signatories here.

Internationally recognised expert on ISDS George Kahale III also slams the system, describing it as a 'weapon of legal destruction'. He says that ISDS is increasingly used to claim billions of dollars of compensation for legitimate government public interest regulation using dubious methods to calculate future claimed losses. Read the full speech here.

NAFTA still applies however, until the new agreement between Mexico, the US and Canada comes into force. Westmoreland Coal has reportedly used NAFTA to file a claim against the Canadian Government because they anticipate profit loss when the province of Alberta phases out coal generated electricity by 2030.

This is part of stronger strategy to tackle climate than the previous Conservative government, which contemplated a 50-year lifespan of coal-fired plants when the company bought the coal mines in 2013-14.

Find out more on ISDS cases against environmental laws from this [radio interview](#) by AFTINET convenor Pat Randal and others, in which an ISDS lawyer confirms that such cases could happen in Australia.

6. Indonesia trade deal signing further delayed

The Indonesian Trade Minister [confirmed](#) this month that they will not sign the FTA with Australia while there is uncertainty about Australia's policy on moving their embassy to Jerusalem.

As usual, the full text is still secret until after signing, but [The Australian](#) has also reported that Indonesian Opposition leaders are now questioning reported [provisions](#) that enable 67% foreign ownership of hospitals, universities and training centres, telecommunications companies and mines, and up to 95% ownership of power plants. The deal also includes foreign investor rights to sue governments (ISDS).

Reports say that if these issues feature in the election campaign, the signing of the deal could be delayed until after the April 2019 Indonesian elections. The Australian federal election must be held in May at the latest. If there is a change of government, this would be a test of the ALP pledge not to ratify deals containing ISDS and other clauses contrary to ALP policy.

In the meantime, the Australian and Hong Kong trade ministers have [announced](#) the conclusion of negotiations on the Australia-Hong Kong Free Trade Agreement, but the text will remain secret for at least two months until it is legally scrubbed and signed.

7. EU – Australia trade talks likely to take years not months as Scott Morrison suggested

The second round of trade talks between Australia and the European Union were held in November. The EU is Australia's second largest trading partner.

The EU is more transparent about trade negotiations than [Australia](#), and a briefing was held with industry representatives and civil society groups in Canberra. The EU has also [published](#) its draft text of chapters, while Australia has not.

It was confirmed that the EU-Australia trade deal will not contain the controversial rights for foreign investors to sue governments in international tribunals, known as ISDS, because European courts [found](#) that ISDS is not compatible with national sovereignty and that deals containing ISDS must be voted on by each EU national parliament. Rather than risk rejection, the EU has not included ISDS in recent deals with Australia and other countries.

The EU draft text confirms that the EU will be pursuing longer monopoly data protection for expensive biologic medicines, delaying the availability of cheaper forms of those medicines. This could [cost](#) Australian taxpayers hundreds of millions of dollars per year.

AFTINET welcomes the confirmation that the agreement will contain provisions on, labour rights, corporate social responsibility, animal welfare and environmental standards, including the Paris agreement commitments on climate change. However, as in other recent EU agreements, these commitments will not be enforced through government-to-government disputes in the same way as other chapters in the agreement, which can result in trade sanctions. Enforcement will rely on instead on consultation and recommendations of expert panels, which may not be effective.

It appears that negotiations on the EU-FTA will continue for several years, and would be highly unlikely to finish before the 2019 federal election, as suggested by Scott Morrison this week.

8. New studies show negative impacts for Pacific Islands in PACER Plus trade deal

PACER plus, the Pacific Agreement on Closer Economic Relations, benefits mainly Australia and New Zealand so could damage our relationships in the region argues research fellow Cleo Paskal in her recent article.

Fiji and PNG, representing 80% of Pacific Island Countries' combined GDP, have not joined PACER Plus because the increased imports from Australia and New Zealand may threaten their developing industries. Nine smaller Pacific Islands have been pressured to sign a deal they are reluctant to implement. The Cook Islands government has announced that it is delaying ratification because of uncertainty about its access to Australian and New Zealand development assistance to implement the deal.

Meanwhile the community group Pacific Network on Globalisation (PANG) has produced a new study showing the nine Pacific Island countries that have signed the deal stand to lose up to 10% of total government revenue each year from tariff cuts under the deal. Samoa would lose \$US12.5 million each year, the Solomon Islands \$US13 million, Tonga \$US7.2 million and Vanuatu \$US7.5 million. This could affect the capacity of these small economies to provide essential services, and there is no clear means of replacing this revenue.

9. APEC summit derailed by US-China tensions but US and China agree to talk at G20

At the Asia Pacific Economic Cooperation (APEC) Forum in late November US Vice President Mike Pence justified the US tariff war on China by criticising Chinese policies on technology transfer, intellectual property and industrial subsidies. Chinese President Xi Jinping in turn urged a rules-based approach through the World Trade Organisation (WTO). He said that intellectual property rules should not be profit-making tools for a few, and accused the US of protectionism and unilateralism, urging cooperation rather than confrontation. The disagreement meant that for the first time there was no agreed leaders' statement at the annual meeting.

There were also increased tensions in aid and military policy. China, Australia and the US all announced major projects to compete for influence in PNG and other Pacific countries, including the expansion of a joint PNG, US and Australian naval base on Manus Island.

Meanwhile at the G20 meeting on 2 December the US opposed the Paris climate agreement, but decided with China to delay their tariff war and negotiate. The G20 annual forum brings together leaders of the richest economies with some representation from developing countries. The Paris climate agreement was endorsed by other governments in

the declaration issued by the G20 governments meeting in Argentina, with only the US opposing it.

The US and China also held a bilateral meeting at which they agreed to suspend the escalation of tariffs for 90 days, to enable further negotiations. The US imposed tariffs on imports from China and other countries with which it has trade deficits earlier this year. This led to a damaging tariff war, as China and others have responded by raising their tariffs.

The escalation of both trade and military tensions through 2018 between the US and China reinforces AFTINET's calls for an end to tariff wars and for fairer trade rules. Such rules should apply to all countries and potentially restrain the market domination of the most powerful players. The WTO in its current form is not playing this role. We need to change the trade rules to ensure that trade contributes to the peaceful achievement of human rights, labour rights and environmental sustainability.

10. Progressive Alternatives for Trade Policy

A structural change to trade rules as discussed above, was also emphasised by Jim Stanford, a leading progressive economist speaking at New Zealand's alternative trade conference in November. He argues in this video that the current "free trade" system is not actually about a free market, but about rules that favour corporations and prevent governments from regulating in the public interest.

These rules can be challenged by strong community movements that have an alternative progressive vision for fair trade which contrasts with Trump's "America first" vision that will lead to conflict, recession and war.

Stanford presents ten points for a progressive economic and trade policy based on preserving the power of governments to regulate in the public interest, guaranteeing labour rights and human rights, and economic policies for a more equal national and international economy. Read a summary of these principles here.