



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

AFTINET Bulletin No. 163
December 2009

- 1 WTO Geneva Ministerial – Nowhere to Go – A Summary of the Outcomes
- 2 United nations Conference on Trade and Development (UNCTAD)
- 3 AFTINET Fundraiser – Battle in Seattle – 10 Years On
- 4 Connecting Trade & Climate Change – A Simple Picture
- 5 WTO – Time to Turn Around
- 6 WTO: Four Problems from Pascal Lamy – Four Answers for Pascal Lamy
- 7 General Trade News
- 8 Coming Events
- 9 New Resources available on our website: www.aftinet.org.au

1 WTO Geneva Ministerial – Nowhere to Go – A summary of Outcomes

The World Trade Organisation failed at the Geneva Ministerial meeting, November 30-December 2, to position itself and shore up confidence in its agenda.

The meeting was marked by ongoing disagreements between the developing and industrialised countries. The meeting re-iterated the desire to complete the Doha round in 2010, but this looks unlikely. The desire for development was again overshadowed by the demands of the industrialised nations, particularly the US and EU, for the opening of trade in services by the developing countries.

The first day of the WTO Ministerial meeting was marked by a peaceful protest, well attended by 5000 people, which received some good media coverage, in Europe particularly. The “black block” group of about 200 created violent confrontation with police. Police deliberately waited some time before taking any action – this ensured that the worst possible media pictures were available.

The US attracted criticism from all quarters over its insistence that developing nations further open their markets, its refusal to move on agriculture, and its failure to support a review and stock-take of the WTO. In an interesting move the EU made the US more of a target by offering to remove all agricultural subsidies. Despite the US opposition, the stock-take will go ahead during the first quarter of 2010. It will be undertaken by officials behind closed doors.

A significant amount of pressure was put onto developing nations in the side meetings, but no real movement occurred. In one side meeting the US was particularly belligerent and was called out for bullying by China. This moment attracted a lot of media attention and negativity towards the US.

The G33 and G20 groups of developing nations stood their ground and refused to capitulate to the demands of the US and EU to open up their markets further. Brazil, India, China, South Africa and the developing nations were very clear that the demands of the US in particular are unrealistic. They have stressed that it was unreasonable to expect that the round could be concluded by additional unilateral concessions from developing countries.

Ongoing monitoring of the positions of the key developing countries China, South Africa, India and Brazil is required. India and Brazil have both indicated some movement is possible but that the development focus needs to be central. India has indicated an acceptance of the December 2008 modalities texts with an offer to decrease tariff lines from 20% to 12% (that is decrease the line items

available to have tariffs placed on them). Brazil also is saying it could live with the December 2008 Agriculture text.

Australia at WTO in Geneva

Australia, whilst calling for the stock take, does not support a more comprehensive review and change of direction for the WTO. Trade Minister Simon Crean has called for an early meeting of ministers next year to “conclude the round”. This is not likely to happen as it lacks support. Australia attempted to have a number of side meetings to gain acceptance of its Trade in Services, Agriculture and NAMA positions. These did not gain any further support, with reports that Australia, as with the US, attempted to bully developing countries.

We should note that Australia has emphasised the need to include climate and environment services in any agreement reached under the current round of negotiations. This would restrict governments’ ability to legislate and regulate in the areas of climate change and the environment. Some of the problems about environmental regulation are outlined in our Climate and Trade article in this issue.

Further weakening Australia’s “lead role”, the Cairns Group has declined in importance, with its meeting and statements at the WTO barely receiving any media or conference interest. The G20 and G33 groupings of developing nations are now the more important voice in negotiations on agriculture. This won’t stop Australia trying to ensure the Cairns Group remains relevant.

Bi-laterals after WTO Geneva

A number of industrialised countries, most notably the US, Australia and the EU, are now openly saying that bi-lateral and regional free trade agreements are the way to implement the neo-liberal free trade agenda. The industrialised countries have taken this stance in an attempt to gain momentum for their WTO demands by creating a sufficient number of bi-lateral and regional free trade agreements.

Despite language indicating support for the current WTO Doha round, the industrialised world, through its actions, has in effect signalled that the Doha round is dead and buried. Surely it is now just a matter of time before the participants agree to release the body and hold a funeral.

Next WTO Ministerial

The next WTO ministerial meeting was scheduled for the end of 2011. This is another strong signal that the Doha is all but dead in the water. There is no real expectation of a conclusion next year.

2 United Nations Conference on Trade And Development (UNCTAD)

A side meeting was organised by the United Nations Conference on Trade And Development (UNCTAD) for developing countries who are party to the Global System of Trade Preferences (GSTP), which was established in 1989. This meeting was a continuation of what is known as the “Sao Paulo Round”, launched in 2004, which involves 22 developing nations and is open to 43 members of the G77 group of countries.

The meeting reached an agreement between those present for very significant tariff reductions in trade between developing countries. The agreement is to reduce tariffs by 20% on 70% of goods traded within the group of nations.

The meeting was chaired by Argentina and was attended by over 20 of the 43 developing countries party to UNCTAD. It opens the way for negotiations and offers between now and September 2010. Any of the 43 developing countries who were not present are also able to make offers and join negotiations.

It is important to note that this agreement is restricted to trade between the developing countries. This will not stop the industrialised countries attempting to move any changed conditions between the developing countries into the current Doha development round of the WTO. The developing countries have shown enough resolve at Geneva for there to be confidence that they will not allow this to happen.

3 AFTINET Fundraiser – Battle in Seattle – 10 Years On

On 12th November 2009 AFTINET held a fundraising event to remember the “Ten Years since the people’s Battle in Seattle against the WTO”. The night was a success, and AFTINET was able to raise a much needed \$1500.00.

About 60 were able to hear our two speakers, Anna Reynolds (activist and currently advisor to Dr Bob Brown, Leader of the Australian Greens) and Dr Patricia Ranald (co-convenor and founder of AFTINET, currently with ACTU Training). The evening was videoed and the speeches will be available on our website: www.aftinet.org.au.

Anna Reynolds impressed the audience with her evocative memories of Seattle and her description of a new form of activism for then; using mobile phones, email and the internet. The technology we take for granted today was in its infancy at Seattle. Anna also gave a background to the Seattle meeting of the WTO, the mistakes the WTO made and the emergence of the trade activist network.

Dr Patricia Ranald summarised the developments in the WTO, the Free Trade agenda and the Fair Trade movement since the peoples Battle in Seattle. Dr Ranald also urged us to count the victories we have had along the way, and recounted some of them, including protection of the Pharmaceutical Benefits Scheme. She finished with an analysis of the future of the WTO and the Doha development round of negotiations.

Next year, 2010, will be the 10th Anniversary of the founding of AFTINET. It will be a great opportunity to commemorate the history and victories of AFTINET, and to rally for next years campaign.

Dr Ranald’s speech is available on our website in written format. Anna Reynolds speech will soon be available from our website in video format. Go to www.aftinet.org.au and keep an eye out for it.

4 Connecting Trade & Climate Change – A simple picture

Trade has a major impact on, and contribution to, climate change and climate change impacts on Trade. Here are a just some of the connections.

Most people understand that international transport of food, manufactured goods and people contributes directly to climate change through the release of greenhouse gases. It is easy to understand that increased international trade also leads to an increase in its contribution to climate change. The contribution is increased when the product has to be transported over greater distances. This is the simple trade and climate change connection that people understand, but the WTO and corporations won’t acknowledge and try to play down.

Estimates are that 60% of the world’s use of oil is for transport and accounts for 20-25% of carbon emissions according to the Organisation for Economic Cooperation and Development (OECD)¹. It is important to remember that all transport modes, air, sea, road and to a much lesser extent rail, are used for international trade. As Walden Bello points out, “Along with fossil-fuel-intensive air transport, fossil fuel-intensive road transport has also been favoured by the expansion of world trade, instead of less emission-intensive modes of transportation such as rail traffic.”²

The WTO tries to hide the true cost of trade transport by effectively reducing the trade contribution to transport of agricultural products and manufactured goods. The WTO fails to properly account for the dirtier form of pollution from bunker fuel used in sea transport, in addition it fails to include areas of trade that rely primarily on air services, such as tourism and people movement.

Since the commencement of GATT, the predecessor of the WTO, there have been increasing distances involved in the transport of products as corporations increase the amount of production that they send ‘off-shore’, otherwise known as the “fragmentation of production”. This can often be to

multiple international locations for different stages of production, meaning lots of additional often highly polluting transport by road, sea and air. Under the rules of the WTO this will increase.

The reasons given by corporations for off-shoring are primarily to reduce costs - be they labour costs, raw materials or the costs of meeting regulatory requirements. This includes the need to meet environmental regulations, the implication being that the regulatory standard elsewhere is cheaper to meet and usually less effective or even non-existent. This actually translates to corporations avoiding cleaning up their methods of production and simply moves the polluting method of production.

The argument about environmental regulation also leads to government's refraining from further improving their environmental regulations for fear of losing business. This makes improving environmental regulations hard or impossible. So off-shoring becomes a connector between trade and climate change and government's ability to respond through regulation and legislation to climate change.

The difficulty this creates for governments is compounded by the WTO restrictions on governments' ability to regulate on environmental matters. Significant concern has been expressed by NGOs, developing countries, and many others that WTO rules will make it impossible to implement the outcomes of any climate change agreement. So trade, under the WTO's neo-liberal free trade agenda, has a very direct impact on the ability of governments to implement the appropriate legislative changes to mitigate against climate change.

Another clear link between trade and climate change is the fostering of industrial scale agriculture which requires land clearing and often deforestation. This has a double effect on the environment and climate change by increasing green house gas emissions from agricultural production and decreasing the earth's ability to deal with atmospheric carbon through the removal of old growth forests. The increase in industrial agriculture is occurring despite research showing that small scale agriculture is both more efficient at feeding the population and also less greenhouse gas intense.

The WTO's neo-liberal trade agenda is contributing to Climate Change and has actually accelerated human created climate change through unsustainable and unrestricted free trade practices.

1 – *'The deadly triad: Climate Change, free trade and capitalism'*, Bello, W. Critical Currents No.6, p. 42.

2 - *ibid*, p. 43.

5 WTO: Time to Turn Around

It is time to turn around the WTO push for a neo-liberal trade agenda. This agenda of the WTO has contributed to the Global Financial Crisis (GFC) and is no longer tenable. Governments need to call the WTO to account, on behalf of their people, for its contribution to the problems we face and not blindly continue these policies.

The reaction of the WTO against the actions of governments in response to the GFC, to provide for economic stimulus and examine financial re-regulation, highlights just one of the problems arising from its blind adherence to a neo-liberal free trade agenda.

In the WTO Trade Policy Review Body Annual Report "*Part A: Trade and Trade related developments in 2009*" concerns were expressed, by WTO Director General Pascal Lamy, that actions taken by governments in response to the GFC may be in contravention of the WTO rules and would therefore be challengeable and illegal. The report, whilst acknowledging the success of government responses and the necessity for them, highlights their dubious legal standing under WTO rules, and attempts to minimise the significance of these events and government responses.

One example of the allegedly illegal and challengeable government interventions is the inclusion of local procurement preferences in economic stimulus packages, such as those in Australia and the US. This highlights that the WTO wants governments to be severely restricted in the policy options they

can undertake. The WTO continues to advocate further de-regulation which, if implemented, will ensure that the successful approaches undertaken by governments in response to the GFC will be curtailed and unable to be used in the future. In fact local preferences in the Australian and US stimulus packages did not conflict with trade agreements.

A second example is the WTO approach on financial re-regulation which is at odds with the increasing calls and moves by governments, of all political persuasions. Under existing WTO rules, and further liberalisation proposals in WTO negotiations on Trade in Services, many of the proposed re-regulation measures would be illegal. This is another failure of the WTO system, which is directly linked to its ideological adherence to a neo-liberal free trade, rather than fair trade, agenda.

There are many other examples of the failure of the neo-liberal free trade system advocated by the WTO. They include many important UN standards such as labour rights, children's rights, indigenous rights, environmental rights and climate change, democratic rights and many more. These rights and obligations are mainly overridden by WTO rules on trade.

This report highlights that the WTO is an ideologically-driven organisation, committed to defend its neo-liberal agenda regardless of its merits. It does so despite significantly contributing to the GFC, through a disproven, discredited and seriously flawed neo-liberal agenda. It does this regardless of the consequences for the people of the world. The WTO needs to reform, to turn around.

Source: Our World is Not for Sale

6 WTO: Four Problems from Pascal Lamy – Four Answers for Pascal Lamy

WTO Director General, Pascal Lamy, has finally done something useful. In his speech at Bocconi University on 9th November 2009 he identified 4 major issues or challenges confronting international governance, all of which apply to the organisation he heads, the WTO, but he provided no answers.

1. ***Importance of the Rule of Law:*** Lamy gives this challenge primacy and maintains the importance of the rule of law. Yet the WTO continues to preach minimisation of law and regulation and the removal of the ability of governments to legislate and regulate, and instead promote the WTO rules in favour of transnational corporations. He is right the rule of law is important – but you have to have the laws, the right laws, in place, which laws – those of democratic parliaments, or of corporations?
2. ***Local, regional and national level issues must not bog down the international system:*** Lamy thinks more issues need to be resolved locally and not unnecessarily clog international institutions and processes. Yet, for example, under the WTO system these issues can only be dealt with by international tribunals as nations lose control under WTO rules over their ability to regulate in the best interests of their society, environment and economy. Lamy is right, but again his organisation makes it impossible for these matters to be resolved locally – the answer is to give back power to national and local legal systems to be able to resolve issues relating to trade.
3. ***Coherence - the international community acting as one:*** Lamy clearly laments the inability of the world's governments to act as one, but fails to see that the winner-loser approach enforced by international organisations such as the WTO is one of the reasons for this problem. How can national governments act as one when international governance systems are set up to be authoritarian? For example the WTO acts as an authoritarian organisation with unrepresentative and secretive tribunals acting to enforce rules which ensure that governments are unable to regulate essential aspects of their economy, environment and society. More often than not the WTO backs the status quo rich nations and does little to progress the requirements of developing nations. The Doha development round, which is meant to focus on the needs of developing nations, has been frustrated and delayed due to the unfair demands of rich developed nations. There are times when the international

community needs to act as one, such as on climate change or in response to the GFC, but it is easier to act in unison if what is being done is in the best interests of all the people of the world.

4. ***Legitimacy - political legitimacy - representation of people:*** Lamy identifies this as the most serious issue facing the WTO and international governance. Yet the WTO advocates unfair policy and enforces them through secretive non-representative trade panels. The WTO refuses to exclude dictatorial governments. It fails to include civil society organisations in a meaningful way in consultations or negotiations and does not ensure democratic consultations and openness with national populations by its member governments. No wonder the WTO and other international organisations lack legitimacy. The WTO will continue to lack legitimacy until it addresses the issues of inclusion, democracy, representation and consultation to ensure it is representative of the views of the wider populations. The answer is simple – ensure true representation of the people.

Given that these four simple issues and challenges are confusing the WTO and its Director General, it is hardly surprising that the WTO is in desperate need of significant reform. It needs to have its existing agreements, rules and policies reviewed and either shredded or reformed. It is time to stop the current process and Turn Around. It is time to return to the starting blocks and create a new system – a New Fair Deal for the 21st Century.

7 General Trade News

Productivity Commission – Call for Submissions on Trade Agreements

On 27 November 2009, the Australian Government requested that the Productivity Commission (PC) undertake a study into the impact of bilateral and regional trade agreements on trade and investment barriers, and on Australia's trade and economic performance, including their contribution to efforts to boost Australia's engagement in the evolving regional economic architecture.

This is a good opportunity for AFTINET and its member organisations to engage in the public debate. We encourage organisational and individual members to register and prepare submissions to the Productivity Commission study. The following is the link to the PC website page on the study where you can register and access the Terms of Reference:

<http://www.pc.gov.au/projects/study/trade-agreements>

Simon Crean Email Campaign

The email campaign to Simon Crean has gone well and was kept on the website until the end of the WTO Ministerial. We had a total of 143 emails sent – not bad for our first effort and test, though we need to make sure of higher numbers next time.

Update about US involvement in current Trade Issues

The US is still to complete its review of Trade Policy and complete its legal process for Congress to give the President authority to negotiate. The refusal by Congress to fast track the appointment of the United States Trade Representative (USTR) nominee to the WTO is a signal that it takes the review and authority issues seriously.

Legislation has been introduced into both Houses to force the renegotiation of existing Free Trade Agreements. This is an attempt by progressive Democratic Party representatives and senators to force the trade policy review forward and to try to stop US delegations attempting to negotiate in the various forums. However, this legislation may be blocked.

Trans-Pacific Partnership Agreement (TPPA)

President Obama, without authority from Congress, has announced his intention to move ahead with negotiations of the TPPA. This is fraught with danger and may be pulled back given recent actions by progressive elements in Congress.

Immediately following the announcement by President Obama and United States Trade Representative (USTR) Ron Kirk, officials went into an intensive workshop on how to move forward with the TPPA. Reports of a conversation with a senior USTR negotiator, who was in the workshop and has been involved with TPPA for 2 years, indicates that this is serious and that all contentious issues in the Australia-US FTA negotiations would be revisited again.

Trade Minister Crean reports the first official meeting will be early in the New Year in Australia, expected to be in March 2010.

Department of Foreign Affairs and Trade (DFAT) changes

A new structure has been created at DFAT for the free trade agenda. The individual Free Trade Agreement task forces have been dissolved. They have been replaced by a new permanent division of DFAT called the "Free Trade Division". This is no real change, the people will be the same. In public service speak, it does entrench Free Trade as a permanent part of the DFAT structure.

8 Coming Events:

Walk Against Warming - Saturday 12th December 2009 - 1pm – Martin Place. While they talk the talk, we're walking the walk all over the world, from New York to Tokyo, Mumbai to Paris and all over Australia. So get your walking shoes on and be part of the most important Walk Against Warming ever.

AID/WATCH Annual Trivia Night 17 Dec. 2009

The GFC, climate change frenzy, and a Britney comeback tour – 2009 has been quite a year! So grab a bunch of your friends, family or workmates for the AID/WATCH annual Christmas trivia night – dazzle each other with your knowledge of the comings and goings of stock markets, world leaders and pop icons that you've acquired over the last 12 months. Win fabulous prizes, be entertained by the acclaimed quizmaster, enjoy a delicious dinner, and support AID/WATCH's important work.

When: Thursday, 17 December, 6:30pm

Where: The Workshop, 16 Sloane Street, Enmore

Price: \$35/\$20 waged/concession or \$50 for passionate supporters – dinner included; drinks available
To book a table (of 6 to 8) or your seat, call Ozzie at AID/WATCH on 9557 8944 (mob: 0434 829 084) or email ozzie@aidwatch.org.au

A Fundraiser For The South Sydney Herald: Survival Day on Sydney Harbour

The SSH invites you to join them aboard the Deerubbun for a unique Australia/Survival Day experience on January 26. **Support independent media! Support the SSH!**

When: Tuesday 26th January 2010, 4.30pm for cruise 5-9pm.

Where: Meet at Sydney Fish Markets at 4.30pm to board the Deerubbun

Price: \$70/\$60 (includes BBQ and soft drinks).

Booking: Contact Trevor Davies **before Jan 15** to reserve a place on the boat (0400 008 338 or trevrssh@bigpond.net.au).

Sydney Harbour's Authentic Aboriginal Cultural Cruise
Tribal Warrior Association Inc.

9 New Resources available on the web or at our website:

1. Dr Patricia Ranald - *Legacy of Seattle and The WTO Negotiations Today* – a speech presented at the AFTINET Fundraiser – 10 Years since the Battle in Seattle. A written version is available at: <http://aftinet.org.au>
2. Dr Patricia Ranald - *The Political Impact of the Australia–US Free Trade Agreement (AUSFTA): Perceptions of the agreement in Australia* - Presented at the 2009 Fulbright Symposium, 24-25 August, 2009, Old Parliament House, Canberra. <http://aftinet.org.au/cms/ausfta-resources>
3. *The China Advantage* - The ETU commissioned CPI Strategic to undertake this study of the Proposed Free Trade Agreement with China. <http://aftinet.org.au/cms/china-fta-resources>