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1 Advance notice of AFTINET Annual Dinner – May 4.

Planning for the annual AFTINET dinner for 2011 is well advanced. Please put Wednesday 4th May 2011 into your diary so you don't miss out.

The dinner will be at a new venue The Hellenic Club Restaurant, 251 Elizabeth Street, Sydney.

We are proud to announce that our guest speaker at the dinner will be Ged Kearney, President of the ACTU.

Details will be mailed and emailed to members.

2 Leading economists urge US to allow use of capital controls.

More than 250 economists have recommended that as part of a broader menu of policy options to prevent and mitigate financial crises, future US trade and investment treaties should allow governments to deploy capital controls without being subject to investor claims.

In a letter delivered on 31 January to US Secretary of State Hillary Clinton, Treasury Secretary Timothy Geithner and US Trade Representative Ron Kirk, the economists expressed particular concern regarding the extent to which capital controls are restricted in US Free Trade Agreements (FTAs) and Bilateral Investment Treaties (BITs).

It called on the US to recognize that capital controls are legitimate prudential financial regulations that should not be subject to investor claims under US trade and investment treaties.

According to a news release of the Global Development and Environment Institute (GDAE) and Institute for Policy Studies (IPS), the statement reflects a growing consensus among economists that capital controls, while no panacea, are legitimate policy tools for preventing and mitigating financial crises.

In their letter to the senior US administration officials, the economists said that authoritative research recently published by the National Bureau of Economic Research, the International Monetary Fund, and elsewhere has found that limits on the inflow of short-term capital into developing nations can stem the development of dangerous asset bubbles and currency appreciations and generally grant nations more autonomy in monetary policy-making.

"Given the severity of the global financial crisis and its aftermath, nations will need all the possible tools at their disposal to prevent and mitigate financial crises. While capital account regulations are no panacea, this new research points to an emerging consensus that capital management techniques should be included among the 'carefully designed macro-prudential measures' supported by G-20 leaders at the Seoul Summit," said the letter.

"US trade treaties are inconsistent with the emerging consensus in the economics profession and among the international financial institutions that capital controls are a legitimate part of the toolkit," said Professor Gallagher of Boston University.

"The US and its trading partners should have all the possible tools available to prevent and mitigate future financial crises," he added.

A copy of the letter is available from the AFTINET website TPPA Resources Page.

(Source: Leading Economists Capital Control Letter, SUNS#7079)

3 AFTINET Planning Meeting – A Short Report

AFTINET held its annual planning meeting with success on Wednesday 16th February 2011 at PSA House in Clarence Street Sydney.

The meeting was chaired by AFTINET Convenor Pat Ranald and several of our organisational members were present as well as a number of individual members, and it was an enjoyable experience.

The meeting heard updates on all of Australia's free trade agreement negotiations, and heard detailed updates on negotiations for the TPPA and PACER-Plus which incorporated potential key dates and campaign options for the planning meeting to consider.

The meeting broke into two groups to discuss and put forward suggestions for the TPPA Campaign and the PACER Plus Campaign for 2011. The groups identified potential allies, key dates, potential actions, fundraising and awareness raising activities, key issues to target and communication suggestions.

A more detailed report is being prepared and will be available in our next bulletin.

4 Trans Pacific Partnership Agreement (TPPA) - UPDATE

Location and Timing of 2011 Negotiations:

The following are the dates and locations of the negotiating rounds for 2011.

The 5th round was from 14th-18th February, Santiago, Chile;

The 6th round is from 28 March – 2 April, Singapore;

The 7th round is from 20 – 24 June, Viet Nam;

The 8th round is from 6 – 11 September, San Francisco, US:

The 9th round is from 24 – 28 October, Lima, Peru.

The 10th round will be in November, Honolulu, Hawaii USA (unofficial).

A report on the Santiago round of negotiations will appear in our next bulletin.

Release the Text Campaign:

Civil society groups from the TPPA countries attended the Santiago round of negotiations and had prepared a campaign to end the secrecy and to “Release the Text”.

Open letters addressed to government leaders in Australia, Chile, Malaysia, New Zealand and the United States of America, signed by trade unions, environmentalists, faith and social justice organisations that speak for millions of concerned citizens, were handed to each delegation. Copies of the letters and media releases are available on the AFTINET website: www.aftinet.org.au.

Over 30 Australian community groups, including the ACTU and 8 national unions, the Catholic Social Justice Council, ACF, Greenpeace, the Public Health Association and pensioner groups joined the call on governments to release the draft texts of the proposed agreement.

The letters object that the proposed agreement is deeply undemocratic in its process and its effect.

The open letters to governments called for negotiators at Santiago to agree to:

1. Create and maintain a public website on which governments and civil society can post information and participate as equals in a dialogue and debate;
2. Post the draft text of each chapter at the end of each round of negotiations to enable expert and public scrutiny. Given the global financial crisis, the perfect starting point is the texts on investment and financial services, completed in the December 2010 Auckland round;
3. Post countries' position papers on specific subjects that are tabled during negotiations;
4. Guarantee that all civil society has equal access to information and engagement with the process, regardless of whether they are private sector or public interest groups, supportive or critical of the proposed agreement.

Book: AFTINET reminds members that a new book on the Trans-Pacific Partnership Agreement is available for purchase, with AFTINET benefiting from Australian sales of the book.

No Ordinary Deal - Unmasking the Trans-Pacific Partnership Free Trade Agreement. Edited by Jane Kelsey. Published by Allen & Unwin

At a time when the global financial crisis has exposed deep flaws in the global free market, the US, Australia, New Zealand, Brunei, Chile, Peru and Vietnam are negotiating a free-trade agreement initiated by the US which resurrects the issues raised by the US-Australia Free Trade Agreement in 2004, including higher prices for Australian medicines, less local media content and deregulation of GE food.

Jane Kelsey and her international team of expert commentators, including Dr Patricia Ranald, expose the myths of yet another neo-liberal adventure.

Order form can be downloaded from the AFTINET website:

<http://aftinet.org.au/cms/sites/default/files/No%20Ordinary%20Deal%20A4%20Flyer.pdf>

Leaflet: Copies are still available of the AFTINET leaflet *“Resurrecting the US Free Trade Agreement: What US business wants from the Trans Pacific Partnership Agreement”*. The community education leaflet is aimed at explaining the issues and asking the government to ensure that public interest policies are not traded away. Copies of the leaflet are available for free. We do however request a donation towards postage costs – please see the AFTINET website www.aftinet.org.au to download an electronic copy of the leaflet or an order form, or you can call the office on 02 9212 7242.

Media Coverage: Coverage of the fourth round of negotiations is now available from our website. As media coverage occurs the items are placed on our website on the TPPA Campaign media page: <http://aftinet.org.au/cms/tppa-media-reports-our-campaign>.

Organisations: We continue to ask our member organisations to sign on to 9 principles for the TPPA negotiations. If your organisation has not signed up it isn't too late – this campaign will run for at least the next 18 months. The principles and joint statement are available from the AFTINET TPPA Campaign page: <http://aftinet.org.au/cms/trans-pacific-partnership-agreement/trans-pacific-partnership-agreement>.

We also ask that organisations ensure that their link to our email/letter campaign is up-to-date so that this part of the campaign is available to their membership to participate in. Our campaign has been updated to send emails and letters to the Trade Minister, Dr Craig Emerson. We encourage you to put the following updated link to the e-mail campaign on your website: <http://aftinet.org.au/cms/tppa-campaign-email-craig-emerson-don%E2%80%99t-trade-away-vital-social-policies>

For those who do not want to use email a letter is available:

<http://aftinet.org.au/cms/sites/default/files/Craig%20Emerson%20Individual%20Letter.doc>

Individual Actions: Individuals are encouraged to join the TPPA campaign through our email/letter campaign to Dr Craig Emerson, the Trade Minister. Please go to our TPPA Campaign website page: <http://aftinet.org.au/cms/trans-pacific-partnership-agreement/trans-pacific-partnership-agreement>.

(Sources: <http://search.japantimes.co.jp/cgi-bin/nn20110116a7.html>, Australian Trade Minister Media Releases, Japan Times, Nikkei.com, Public Citizen)

5 WTO Update:

On the surface a recent flurry of activity at the WTO sends a message that negotiations on the Doha Development Round have gathered pace.

Despite this WTO Director General Pascal Lamy stressed to Ministers that the pace of multilateral work was still too slow and too short of the kind of substantive progress needed to fuel and sustain a momentum that will result in revised texts around Easter. "Atmospheric improvement is good and important, but we will not advance on air alone."

The stated aim of all the activity is to have a negotiating text ready by the end of April, detailed negotiations in July and final sign-off at the end of year ministerial. The timelines seem arbitrary and aimed at pressuring the negotiators. With US Ambassador Michael Punke reported to have said, "We will not achieve success by the distraction of deadlines; which is a bit like making hotel reservations at a nice resort while not making the reservations to get there".

A look behind the scenes indicates that there are still some significant differences between developing and developed countries.

The differences between the developed and developing countries in the negotiations are coalescing around the draft 2008 texts and their status. Developing countries, with support from some developed countries, maintain that the 2008 texts are the basis of the renewed activity and should not be reopened. The developed countries led by the US are demanding a further opening of the 2008 texts.

Trade ministers from Brazil, China, India and South Africa met on 28 January, on the margins of the Davos World Economic Forum and remained united. In a press communique at the conclusion of their meeting, the Ministers from the four developing countries recognised that, although the July 2008 negotiating package embodies a careful balance of concessions strenuously negotiated since the launching of the Round in 2001, it should be improved to strengthen its development dimension.

In particular, the Ministers noted that, under the existing draft, developing countries would be required to offer a level of contribution without precedent by any Member in any of the previous negotiating rounds. The Ministers also agreed that such contributions are not being reciprocated by developed countries, some of whom still seek further exceptions and flexibilities to continue with their existing trade barriers and trade-distorting policies, adversely affecting the developing countries' interests.

The Ministers believed that any effort to finalize the Round cannot ignore past trade-offs nor require new disproportionate and unilateral concessions from developing countries, ignoring the existing mandate. In this context, the Ministers cautioned against demands that clearly change the nature and scope of negotiations, jeopardising the present efforts to conclude the Doha Development Round.

On the question of "give and take", the senior official noted that the US has upped its level of ambition and wants developing countries to pay in industrial goods access (non-agricultural market access - NAMA) and Services.

The following quotes sum up the different attitudes to the 2008 draft text:

Brazil: "At that time, a few issues kept us from fully agreeing on the landing zones, but the order of magnitude of what was required to close the deal was well defined in our minds. These boundaries are not simply imaginary, they were reproduced in the December 2008 draft modalities texts. Contradicting this understanding, we now face demands that attempt to change the nature and scope of those deals. They try to selectively change the outcomes in areas where developing countries would be the only ones paying."

USA: "And we do not subscribe to the notion of inherent balance in the 2008 package. By contrast - the cloth woven in 2008 has major holes - including widely acknowledged unfinished work in services and sectorals. Balance can only be achieved by completing our work in all areas. The United States has made it clear, from the highest level, that we are ready, willing, and able to engage in a process of give and take on all fronts - bilateral, plurilateral, and multilateral. Give and take, though, can only take place at the negotiating table - not as a price for admission for sitting at the table."

(Sources: DFAT Doha Briefing papers, Third World Network, OWISNF network)

6 PACER Plus Update:

Human Rights Impact Assessment:

Many of you would be aware from past bulletins that a call was made by Pacific, Australian and New Zealand civil society in 2010 for a Human Rights Impact Assessment to be undertaken on PACER-Plus.

From 7th to 11th February 2011, the United Nations Human Rights Council's Independent Expert on foreign debt and human rights, Cephias Lumina, visited Australia to examine the human rights effectiveness of Australia's aid program. Mr Lumina endorsed the call for the Human Rights Impact Assessment. His media release stated that:

To avoid impeding progress on health, education and other MDGs, the Independent Expert recommended that "human rights impact assessments are undertaken for development programmes and trade agreements with developing countries in the region".

Mr Lumina expressed concern that Australian development and trade programmes may be advocating public sector reforms (such as reducing public spending), privatisation and structural adjustment in the region and warned about the adverse effects that such policies may have on the poorest members of the community in the Pacific region.

A copy of the media release is available from:

<http://www.un.org.au/News.aspx?category=1&element=188&PKID=317>

Health

Following on from the successful Pacific Health Forums, held in Melbourne and Sydney during 2010, the Peoples Health Movement is developing a position paper to guide its work in this area in 2011.

The PHM website:

[http://phmoz.org/wiki/index.php?title=People%27s Health Movement Australia](http://phmoz.org/wiki/index.php?title=People%27s_Health_Movement_Australia)

is a valuable resource on Health Implications for PACER-Plus. Take some time to look at the papers from the Sydney and Melbourne forums.

(Sources: PACTRADE, UN News, DFAT website, Peoples Health Movement)

7 FTA Updates:

The following FTAs have had some movement or negotiations since our last Bulletin. Those not mentioned have had no significant events or negotiations occur.

Indonesia-Australia CEPA

We encourage members to provide submission to DFAT despite the closing date for submissions being 18th February 2011. As negotiations will not commence for some time it is still worthwhile putting a submission to DFAT. The AFTINET submission has been available from the AFTINET website from 1st March 2011.

For more information please see the DFAT website:

<http://www.dfat.gov.au/fta/indonesia/index.html>

Japan-Australia FTA

Negotiations have recommenced on the Japan-Australia FTA. It is seen as a litmus test for Japanese resolve to reform its agricultural sector to enter the TPPA negotiations.

The 12th round of negotiations was held in Tokyo at the beginning of February. Despite high expectations on the Australian side no break through or movement occurred. There was no offer of concessions on agriculture by the Japanese delegation.

Japanese media reports that four main products block any movement, these being beef, wheat, sugar and dairy products. Clearly these are demands from the Australian side. The reports also indicated that Japanese demands for reduced tariffs on automobiles and industrial goods alongside “more stable” supply of iron ore and coal as well as rare earth elements from Australia are also stumbling blocks.

The next round of negotiations is in Canberra in April 2011.

(Sources: DFAT website updates, DFAT Briefings, Yomiuri Shimbun, Japan Times)

8 Upcoming Events:

8th March 2011 – 100th Anniversary of International Women's Day.

International Women's Day (IWD) is celebrated on March 8th across the world. IWD is a global day celebrating the economic, political and social achievements of women in the past and present. It is a day when women are recognised for their achievements, regardless of divisions, whether national, ethnic, linguistic, cultural, economic or political. 2011 is the 100th anniversary of Women's Day.

To find out more go to: <http://www.internationalwomensday.org.au/>.

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

A range of new TPPA Documents are now available from the TPPA Resources page of our website: <http://aftinet.org.au/cms/tppa-resources-page>.

These include the International and Australian media releases for the 'Release the Text' Campaign as well as copies of the 'Release the Text' letters from Australia, New Zealand, US, Chile and Malaysia. In addition a copy of a letter from International Health groups calling for medicines safeguards in the TPPA is also available.

Civil society groups have also put together mock texts for Financial Services and Investment chapters of the TPPA. These along with media releases and some analysis of the potential texts are also on the TPPA resources page. In addition there is a copy of the letter by international unions making a joint call to the TPPA governments to take a new approach to an investment chapter.

Finally a copy of a letter signed by 250 International Economists calling for Capital Controls to be included in the TPPA has been added to the TPPA Resources page.