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1. Australia Takes and the Pacific Gives in trade talks

Adam Wolfenden

There's an old saying in trade negotiations, if you're not on the menu, you're on the table. So there's no doubt that Australian trade officials are happy with what was served up in Samoa last week.

When trade ministers from the Pacific region met in Apia to discuss a potential free trade agreement, they concluded with a unanimous recommendation to their leaders to enter into negotiations come the Pacific Islands Forum Leaders meeting in Cairns this August.

Before the meeting Australia, New Zealand and a number of other countries, including host country Samoa, were pushing for an agreement. Many expected this meeting to conclude with a recommendation to enter into negotiations, but few expected it to happen so easily.

What was scheduled for the whole second day of the meeting was in effect agreed to over a luncheon on the first. The Ministers went out to lunch without their delegation of advisors and government officials and ended up agreeing on a statement that would most likely have been pre-drafted. By the afternoon it was all stitched up, some happy, some very happy, and some quite rightly embarrassed.

Just six months ago the Pacific had presented to Australia and New Zealand a draft roadmap for dealing with a Pacific trade agreement, the Pacific Agreement on Closer Economic Relations, or PACER-Plus. In that draft road map, the Pacific Island nations mapped out a much longer timeframe, first starting with national consultations and research to determine whether or not to enter into negotiations. If the research suggested negotiations were a good idea, this would be followed by informal negotiations, and then finally formal negotiations beginning in 2013. In addition to this was the \$11 million proposed for an Office of Chief Trade Advisor, a separate entity that would provide research and negotiation capacity and even act as a point of contact for negotiations. This would all up take 5 years. All these would have combined to place the Pacific in a much better position to assess and participate in any negotiations.

What did they end up with? Negotiations to be announced in August with the first round likely to be one week after that with timelines for the whole process yet to be decided. An Office of Chief Trade Advisor funded to the tune of \$3 million over 3 years with a reduced remit that boils down to essentially facilitating meetings. In terms of funding for research and capacity building, Australia has offered \$65,000 for research and will continue with its ten module training course for negotiators. That's right, the Pacific officials are learning how to negotiate their sensitive trade issues by discussing them with Australia before hand. This is a far cry from the Pacific's initial call for an independent Office of Chief Trade Advisor that would act as a collective point for research and negotiations.

You do have to hand it to the Australian and New Zealanders, they comprehensively outmanouvered and outplayed their Pacific counterparts. Critical to this was the removal of Roman Grynberg from the Pacific Islands Forum Secretariat. Dr Grynberg has long been a thorn in the side of Australia's trade ambitions with his expertise and strategy in negotiations, particularly in providing assistance to the under resourced Island Countries. So it must have been much to Australia and New Zealand's delight that his contract was not renewed last year on account of some Pacific Islands Forum members not being happy with his role in the servicing of *all* the clients, including Australia and New Zealand, in Pacific Islands Forum. To add even more insult to injury, it now looks like an Australian, Dr. Chakriya Bowan will fill Dr Grynberg's role as Economic Governance Director.

Not only this, Australia played the old trick of starting out with the outrageous and then 'compromising' on something more in line with what they wanted. Australia was initially demanding to have a say in the governance of the office of chief trade advisor. This is highly controversial as any negotiating party should not have a say in the structure of the capacity and negotiating support for another party. This is something that Australia would surely not stand for in negotiations with other trade partners and the Pacific should have done the same. This was one thing that should never even have been on the table, yet there it was and there were no surprises to see it cut back in the giving and taking of the final decision. However with the Office of Chief Trade Advisor initially being housed at the Pacific Islands Forum Secretariat the likely Australian replacement of Dr Grynberg will, as it turns out, have some involvement in its governance. How this influences the OCTA remains to be seen but as a symbol it further erodes any supposed 'taking' for the Pacific in the negotiation of this decision.

If that wasn't enough, there was the presence of Bob McMullan, Parliamentary Secretary for International Development Assistance. Throughout this year Bob McMullan and Simon Crean have been touring the Pacific talking about the benefits of free trade and handing out aid money as they go. With Pacific countries so dependent on aid money, the message was not lost: free trade and aid go together.

Fiji's absence was also apparent. Fiji has been one of the strongest voices in holding a strong Pacific position and their absence significantly weakened the stance of the Pacific. Simon Crean has maintained that the suspension of Fiji from the Pacific Islands Forum automatically applies to PACER-Plus talks, a very convenient position from Australia's point of view. Fiji's exclusion however, is being challenged. A legal opinion released to the media by the Pacific Network on Globalisation claims that PACER is a separate legal framework to the Pacific Islands Forum, hence the suspension of Fiji from the Pacific Islands Forum doesn't automatically equal suspension from PACER-Plus talks. This means that the recommendation to launch PACER-Plus negotiations is technically not legally binding. Fiji has already issued a statement condemning their exclusion from the talks last week and stated that any outcomes from the meeting violate the terms of "consensus" and therefore doesn't apply to Fiji. How this gets taken up by the rest of the countries remains to be seen.

This was the situation that faced the Pacific. Not only were they facing pressure from Australia and New Zealand to negotiate, but they also faced the issues of diminished capacity and extreme demands. With media statements from various Ministers within the Pacific Islands buying into the idea, as well as the host of the meeting and agenda setter, the pressure on those trade ministers from still holding out was immense. Not only this, the lunch “meeting” without government officials also meant that the expertise of the officials was lost on the decisions of the Ministers. With decisions needing to be made by consensus it's hard to be the lone dissenting voices.

It was this backdrop that greeted us non-government organisations when we rocked up to the Ministers' cocktail party. Despite officials from the Australian delegation reassuring us that there was a consensus and general happiness with the outcomes one only had to talk to those who weren't 'celebrating' at the cocktail party. A number of ambassadors from the Pacific Islands expressed their anger at what Ministers had agreed upon to the non-government groups. One Pacific Minister from the Cook Islands was so upset by what was agreed to he was on the first plane home, without a cocktail.

As the Pacific enters this new era there are big questions that need answering. All the social, environmental, and labour issues associated with a proposed PACER-Plus remain, this decision to enter into negotiations does nothing to answer them. Not only that, the trade ministers from all these countries need to be called to account. It is reckless for all involved to enter into negotiations without knowing the full impacts of what is proposed. In particular, Simon Crean needs to explain why undermining the capacity and time for the Pacific to be prepared to enter into negotiations (if they found it was worthwhile) helps them enter into what he refers to as “enhancing prosperity in the Pacific”.

With PACER set to diminish \$10 million in government revenue for the Pacific as well as see thousands of jobs go the Pacific has a lot of soul searching to do. Australians on the other hand shouldn't let their government get away with pushing their neighbours around like this.

Latin America Drags a Reluctant Washington Into Supporting Democracy in Honduras

By Mark Weisbrot (Centre for Economic and Policy Research)

The military coup that overthrew Honduras' elected president Manuel Zelaya brought unanimous international condemnation. But some country's responses have been more reluctant than others, and Washington's ambivalence has begun to raise suspicions about what the U.S. government is really trying to accomplish in this situation.

The first statement from the White House in response to the coup was weak and non-committal. It did not denounce the coup but rather called upon "all political and social actors in Honduras to respect democratic norms, the rule of law and the tenets of the Inter-American Democratic Charter."

This contrasted with statements from other presidents in the hemisphere, such as Lula da Silva of Brazil and President Cristina Fernandez of Argentina, who denounced the coup and called for the re-instatement of President Zelaya. The European Union issued a similar, less ambiguous, and more immediate response.

Later in the day, as the response of other nations became clear, Secretary of State Hillary Clinton issued a stronger statement, that condemned the coup - without calling it a coup. But it still didn't say anything about Zelaya returning to the presidency.

The Organization of American States, the Rio Group (most of Latin America), and the United Nations General Assembly have all called for the "immediate and unconditional return" of President Zelaya.

The strong stances from the South brought statements from anonymous State Department officials that were more supportive of President Zelaya's return. And by Monday afternoon President Obama finally said, "We believe that the coup was not legal and that President Zelaya remains the president of Honduras..."

But at a press conference later on Monday, Secretary of State Clinton was asked if "restoring the constitutional order" in Honduras meant returning Zelaya himself. She would not say yes.

Why such reluctance to openly call for the immediate and unconditional return of an elected president, as the rest of the hemisphere and the United Nations has done? One obvious possibility is that Washington does not share these goals. The coup leaders have no international support but they could still succeed by running out the clock - Zelaya has less than six months left in his term. Will the Obama administration support sanctions against the coup government in order to prevent this? The neighboring governments of Guatemala, Nicaragua, and El Salvador have already fired a warning shot by announcing a 48-hour cut-off of trade.

By contrast, one reason for Hillary Clinton's reluctance to call the coup a coup is because the U.S. Foreign Assistance Act prohibits funds going to governments where the head of state has been deposed by a military coup.

Unconditional is also a key word here: the Administration may want to extract concessions from Zelaya as part of a deal for his return to office. But this is not how democracy works. If Zelaya wants to negotiate a settlement with his political opponents after he returns, that is another story. But nobody has the right to extract political concession from him in exile, over the barrel of a gun.

There is no excuse for this coup. A constitutional crisis came to a head when President Zelaya ordered the military to distribute materials for a non-binding referendum to be held last Sunday. The referendum asked citizens to vote on whether they were in favor of including a proposal for a constituent assembly, to redraft the constitution, on the November ballot. The head of the military, General Romeo Vasquez refused to carry out the President's orders. The president, as commander-in-chief of the military, then fired Vasquez, whereupon the Defense Minister resigned. The Supreme Court subsequently ruled that the president's firing of Vasquez was illegal, and the majority of the Congress has gone against President Zelaya.

Supporters of the coup argue that the president violated the law by attempting to go ahead with the referendum after the Supreme Court ruled against it. This is a legal question; it may be true, or it may be that the Supreme Court had no legal basis for its ruling. But it is irrelevant to the what has happened: the military is not the arbiter of a constitutional dispute between the various branches of government. This is especially true in this case, in that the proposed referendum was a non-binding and merely consultative plebiscite. It would not have changed any law nor affected the structure of power; it was merely a poll of the electorate.

Therefore, the military cannot claim that it acted to prevent any irreparable harm. This is a military coup carried out for political purposes.

There are other issues where our government has been oddly silent. Reports of political repression, the closing of TV and radio stations, the detention of journalists, detention and

physical abuse of diplomats, and what the Committee to Protect Journalists has called a "media blackout" have yet to draw a serious rebuke from Washington. By controlling information and repressing dissent, the Honduran de facto government is also setting the stage for unfair elections in November.

Many press reports have contrasted the Obama administration's rejection of the Honduran coup with the Bush administration's initial support for the 2002 military coup that briefly overthrew President Hugo Chavez in Venezuela. But actually there are more similarities than differences between the U.S. response to these two events. Within a day, the Bush administration reversed its official position on the Venezuelan coup, because the rest of the hemisphere had announced that it would not recognize the coup government. Similarly, in this case, the Obama administration is following the rest of the hemisphere, trying not to be the odd man out but at the same time not really sharing their commitment to democracy.

It was not until some months after the Venezuelan coup that the State Department admitted that it had given financial and other support "to individuals and organizations understood to be actively involved in the brief ouster of the Chavez government." In the Honduran coup, the Obama administration claims that it tried to discourage the Honduran military from taking this action. It would be interesting to know what these discussions were like. Did administration officials say, "You know that we will have to say that we are against such a move if you do it, because everyone else will?" Or was it more like, "Don't do it, because we will do everything in our power to reverse any such coup."? The administration's actions since the coup indicate something more like the former, if not worse.

The battle between Zelaya and his opponents pits a reform president who is supported by labor unions and social organizations against a mafia-like, drug-ridden, corrupt political elite who is accustomed to choosing not only the Supreme Court and the Congress, but also the president. It is a recurrent story in Latin America, and the United States has almost always sided with the elites. In this case, Washington has a very close relationship with the Honduran military, which goes back decades. During the 1980's, the U.S. used bases in Honduras to train and arm the Contras, Nicaraguan paramilitaries who became known for their atrocities in their war against the Sandinista government in neighboring Nicaragua.

The hemisphere has changed substantially since the Venezuelan coup in April of 2002, with 11 more left governments having been elected. A whole set of norms, institutions, and power relations between South and North in the hemisphere have been altered. The Obama administration today faces neighbors that are much more united and much less willing to compromise on fundamental questions of democracy. So Secretary of State Clinton will probably not have that much room to maneuver. Still, the administration's ambivalence will be noticed in Honduras and can very likely encourage the de facto government there to try and hang on to power. That could be very damaging.

WTO Update

There has been little news coming out on the WTO lately. The talks between the US and India seem to have not resolved much in terms on moving the talks forward in concrete steps. There have been mixed public messages coming from India, some saying that their position hasn't changed, others saying it will water them down.

The US on the other hand has indicated that it would like to have an agreement on guidelines by the end of the year. Many have been waiting for the US to review its position on the Doha Round and have taken this stance as a positive statement towards concluding the round.

FTA Update PACER-Plus

As discussed above, the Pacific Islands Forum Trade Ministers met in Apia, Samoa and recommended to their leaders to commence negotiations for PACER-Plus. This will most probably be announced at the upcoming PIF leaders meeting in Cairns this August.

AFTINET is continuing to work with organisations from the Pacific, New Zealand and Australia to support a Pacific led development future.

AFTINET Event: Trade, Workers' Rights and Development, 31 July.

Union Aid Abroad – APHEDA, the international solidarity aid arm of the ACTU, and the Australian Fair Trade and Investment Network (AFTINET) invite you to an event to discuss the links between trade, workers' rights and development for the worlds poorest. In particular there will be a focus on the Pacific and how these issues inter-link.

Friday 31st July 2009

7:45 am - 8:45am

Ground Floor Training Room

Unions NSW Building

377-383 Sussex Street, Sydney

(near the corner of Goulburn St) Continental breakfast will be served

Speakers include:

- The Hon. Bob McMullan (Parliamentary Secretary for International Development Assistance)
- Adam Wolfenden (AFTINET)
- Peter Jennings (Union Aid Abroad – APHEDA)

RSVP & further information:

Peter Jennings

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(02) 9264 9343

Video available – The Gr8 Climate Sale by Focus on the Global South

The Gr8 Climate Sale

This video talks about what has happened since the Kyoto Protocol came into force, and how the neo-liberal system has contributed to global warming. It emphasizes the intimate connection between increasing trade liberalization and rising greenhouse gas emissions, how trade rules prevent effective action on reducing greenhouse gas emissions, and how institutions like the WTO and other trade regimes are trying to control what governments can and cannot do about global warming. It also talks about the Group of 8 and the role of these developed nations in pushing for market-based solutions where corporations will make the most out of the climate crisis. It shows how trade liberalization is being promoted as one of the solutions to global warming and emphasizes the need to link the anti-globalization and environmental movements in this struggle.

The Gr8 Climate Sale is a play on words, the “Gr8” is short hand for “great” in popular language used in the internet and phone instant messaging. But it can also mean the Group of 8 to emphasize the role of these developed nations in contributing to the climate crisis.

Watch the trailer:

<http://focusweb.org/videos/videodirectlink-15.html?Itemid=167>

Download the full video:

<http://focusweb.org/videos/videodirectlink-14.html?Itemid=167>

To order DVD copies of the video or if you are interested in translating it, please email marylou@focusweb.org

Anti-Slavery Project UTS Labour Trafficking Forum, 14 July

14 July 2009, 9am – 5pm

Moot Court, Law School, University of Technology Sydney

Invited Speakers:

Sharan Burrows, John Sutton, Jo-anne Schofield (Catalyst), Amity Lynch (Fairwear) and Bich Thuy Pham (Asian Women at Work), Liz Thompson (Unite), Jane Corpus-Brock (Migrante) as well as representatives of Government and Universities

The Anti-Slavery Project Labour Trafficking Forum will explore challenges of identifying and pursuing Australian cases of labour trafficking as they intersect with human rights, immigration, criminal law prosecutions, civil actions and workplace protections, labour programs and global migration trends.

Speakers will consider:

- Identification and prosecution of cases of labour trafficking, forced labour and slavery
- Trafficking pathways
- Distinctions between harsh and exploitative work, debt bondage, forced labour and slavery
- Vulnerabilities of certain immigration categories
- Challenges of balancing the demand for skilled and unskilled foreign workers
- The extent of available protections for people trafficked into labour, including the Commonwealth Government's Anti-Trafficking Strategy, workplace and criminal prosecutions, and social support systems.
- The roles of government, unions and NGOs

There may be a moderate registration fee to cover cost of catering

Registrations ASAP BY EMAIL EXPRESSING INTENTION TO ATTEND

Marie.White@uts.edu.au

Coordinator, Anti-Slavery Project UTS (Mon to Thurs)