



AFTINET
Australian Fair Trade
& Investment Network



WATCH
Action on Aid, Trade and Debt

MEDIA RELEASE

Australian aid and trade watchdogs denounce Pacific Free Trade Agreement

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SYDNEY: Independent Australian organisations, the Australian Fair Trade and Investment Network (AFTINET) and AID/WATCH, Australia's aid monitor, have voiced serious concerns about the PACER-Plus Free Trade Agreement currently being negotiated between Australia, New Zealand and Pacific Island Countries. Both organisations assert that PACER-Plus will leave Pacific Island Countries disadvantaged, and ignores calls from Pacific Islanders who claim that this agreement is not in their interest.

PACER-Plus negotiations began in 2009 with the agreement introduced as different, with a primary objective of economic development in the Pacific region. An agreement has still not been reached.

“These negotiations were born out of fears from Australia and New Zealand that they would lose market share in the Pacific. You can see this in the negotiations as it is the Pacific Islands who are bearing the burden of making binding commitments on liberalising their goods and services,” said AFTINET Campaigner Jemma Williams. “This will reduce their ability to regulate, especially in areas such as foreign investment in land and essential services and will result in the loss of income through tariffs.”

“The Islands are pushing for additional development assistance and greater access to Australian labour markets to be included in the deal. There is no precedent for these areas to be included in trade negotiations, and the negotiations have come to a deadlock over this issue as the Pacific feel that what is on offer represents an unbalanced agreement.”

The June PACER-Plus closed door negotiations in Adelaide were closely followed by Australian Foreign Minister, Julie Bishop's announcement of the new aid policy to the National Press Club. Aid for Trade is presented as the cornerstone of the new aid trajectory. The Australian Government claims that the primary objective of the PACER-Plus trade talks is to achieve economic development in the region. Similarly, Aid for Trade policy is being presented as pathway towards poverty alleviation, while giving Australia 'better value for money'.

AID/WATCH Director Thulsi Narayanasamy said, “Australia has aggressively pursued this trade agreement despite significant pushback from Pacific Island countries. There is a worrying level of coercion involved when aid is used as a bargaining chip. This is an example of Australia pursuing its interests at the expense of the people of Pacific Island Countries. DFAT need to articulate how this will benefit the Pacific”.

Both AFTINET and AID/WATCH claim that the recently unveiled Aid for Trade policy will not lead to a better outcome for Pacific Island countries through this trade agreement. Ms Narayanasamy said “Aid for Trade is presented as new but it has been an ongoing policy pursuing trade liberalisation

since Howard. PACER-Plus is simply a way to brand an agreement that favours Australia and New Zealand as a development opportunity for the Pacific - an insidious way for two regional heavyweights to pursue their commercial priorities”.

“Australian companies like resources companies, service companies and banks investing in the Pacific clearly stand to gain the most from investment and services liberalisation.” said Ms Williams.

Ms Narayanasamy said “If the Government is serious about working to alleviate poverty in the Pacific, it needs to seriously review the role trade liberalisation has played in sustaining inequality. Increased trade leading to increased economic growth does not always translate into positive development indicators and in Pacific Countries such as Papua New Guinea, this hasn’t been the case. In fact economic growth has often been linked with income inequality yet the Government is turning a blind eye to the evidence.”

AFTINET and AID/WATCH have long demanded increased accountability and transparency on Australia’s trade agreements. “Australia’s focus in the Pacific should be on effective development programs, rather than secretive trade negotiations. If this agreement is mainly about development, why is it being negotiated behind closed doors?” Ms Williams questioned.

Ms Narayanasamy concluded, ‘Aid for trade is set to represent a 20% portion of the overall aid budget. That will be almost \$1billion a year in whitewashing unequal trade agreements, presenting trade as a mechanism out of poverty rather than a method of sustaining it, and lending an unequal trade system an undeserved legitimacy. People need to look past the rhetoric extolling the virtues of aid for trade to examine what the real impacts of free trade are on the poor and marginalised in developing countries.”

“We stand in solidarity with the people of the Pacific calling on their Governments to reject this predatory trade agreement.”

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