

Australia's experience of the bilateral trade strategies of the US and China

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The US and China share a common enthusiasm for bilateral trade negotiations, however the priorities that drive the trade strategy of the US and China differ. The US accelerated its program of bilateral negotiations following the collapse of the WTO Ministerial in Seattle in 1999 and again in Cancun in 2003. China is currently negotiating bilateral and regional free trade agreements (FTAs) with over 22 countries. This Paper will examine Australia's experiences of bilateral trade negotiations with the US and China, as well as other bilateral negotiations involving the US and China, to draw out and contrast the key features of each country's bilateral strategy. This Paper will then look at the implications of these bilateral negotiations for communities in the Asia-Pacific and the opportunities that arise from these bilateral negotiations for social movements campaigning on trade justice issues.

The US employs trade agreements as a part of its strategy to pursue and globalise a neoliberal economic model.¹ This agenda, revealingly called the Washington consensus, includes the removal of tariff and other trade barriers, lower taxes for business and high income earners, higher taxes for consumers through goods and services taxes, cuts in government spending, privatisation and user charges for services like health and education, less regulation of corporations and deregulation of labour markets through lower minimum wages and working conditions. This model is not unique to the US, and has influenced governments across the political spectrum, including the current conservative Australian government.

The US pursues its trade agenda ruthlessly and with great flexibility, changing from the World Trade Organisation (WTO) to bilateral agreements as necessary to pursue its interests. Many developing countries are resisting the US trade agenda in the WTO, as seen at Seattle in 1999 and again in Cancun in 2003, where some developing countries, including China, regrouped through the G20 to demand a better deal on agricultural trade and to reject agreements on investment, competition policy and government procurement. Especially since the Cancun Ministerial, the US has put less emphasis on multilateralism through the WTO and is building a network of bilateral agreements. In these bilateral agreements, the US has greater bargaining power and is able to impose its neoliberal agenda more quickly than through the WTO.

It is clear that China is an enthusiastic participant in the global market economy and is actively pursuing FTAs. Some argue that China's agenda is similar to the US agenda, however others distinguish China's approach. Wang Hue, a Research Professor at the Chinese Academy of Social Sciences, notes that "neo-liberalism has become the hegemonic discourse in the China, which has deep influence on policy-making."² Hue goes on to describe China's embrace of the free market as qualitatively different from the US neoliberal model and one that is more accurately termed state-directed or "authoritarian" marketisation.³ The key themes of China's bilateral negotiations demonstrate that its priorities in trade agreements are largely driven by national self-interest and internal demand. It is also evident from China's pattern of negotiations that China still identifies with and has common interests with developing countries in groupings like the G20. This means that China sometimes resists aspects of the US neoliberal agenda.

¹ For a more detailed analysis of the combined roles of the WTO, the IMF and the World Bank, see Joseph Stiglitz, *Globalisation and its discontents* (Penguin Books, London, 2002)

² Wang Hui "The 1989 social movement and the historical origins of neoliberalism in China" in Lau Kin Chi & Huang Ping (eds), *China Reflected* (ARENA, Hong Kong, 2003) at p211

³ Wang Hui, see footnote n2, at p219. Also see Kavaljit Singh, "From Beijing consensus to Washington consensus: China's Journey to liberalisation and globalisation", *Asia-Pacific Journal* (7) 2002 at p63 – 68

There are vast amounts written about the broader geo-political motivators for China and the US to pursue bilateral and regional trade agreements. Briefly, the US is the dominant global economic and military power and uses this weight to pursue a neoliberal agenda, prompting analysis of a new age of empire.⁴ China is actively pursuing bilateral and regional economic relationships with countries that provide a geo-political balance to the US. For example, China is pursuing bilateral relationships with Chile, Venezuela, Cuba and Iran, as well as the Association of Southeast Asian Nations (ASEAN). While acknowledging that trade strategy occurs in a broader political and security context, time does not permit a detailed examination of these motivators in this Paper.

1. Key features of US bilateral strategy

US bilateral agreements with Australia, Singapore and Chile, as well as the Central American Free Trade Agreement (CAFTA), all demonstrate common themes for deeper and more rapid implementation of neoliberal policies than in the WTO. The US strategy is to build a network of such agreements, which can be used as precedents to set new benchmarks in the WTO and regional fora.

Key features of these agreements are as follows:

1.1 Clauses on medicines policy that guarantee greater rights for drug companies to excusive patents and higher prices for those drug companies

In bilateral negotiations, the US pushes for changes to government policies on medicines and changes to patent law to favour the rights of patent-holders over the rights of patent-users. These changes are designed to wind back the small gains achieved on access to medicines in the WTO. In Australia's case, common medicines are 3 – 10 times cheaper in the domestic market than in the US because of bulk buying through Australia's Pharmaceutical Benefits Scheme (PBS).⁵ Community campaigning during the US-Australia FTA negotiations prevented the Australian government from agreeing to immediate dramatic changes to the PBS. But the US-Australia FTA introduces changes that health experts predict will raise drug prices over the next five years.⁶ The US-Australia FTA changed Australian intellectual property law to allow the extension of patent periods in some cases and to delay the availability of cheaper generic medicines. The US-Australia FTA gives drug companies the right to seek review of PBS decisions, which will increase the pressure for more highly priced drugs to be listed on the PBS. The US-Australia FTA also set up a joint US-Australia medicines policy committee that will operate in secret and ensure ongoing US influence on Australian medicines policy. The community campaign resulted in amendments to the implementing legislation to prevent the practice of 'evergreening' by drug companies. Evergreening describes the practice of drug companies lodging bogus patent claims to delay the marketing of cheaper generic drugs after patents have expired.

⁴ For example, Walden Bello, *Dilemmas of domination: The unmaking of the American Empire* (New York, Metropolitan Books, 2005)

⁵ Dr K Lokuge and Richard Dennis, "Trading in our health system? The impact of the Australia-US Free Trade Agreement on the Pharmaceutical Benefits Scheme" (The Australia Institute, Canberra, 2003). Note that the pharmaceutical industry lobbied openly for changes to the PBS: see Pharmaceutical Research and Manufacturers of America, "National trade estimate report on foreign barriers to trade" (December 2004) at p6

⁶ Text of the US-Australia FTA (2004) at http://www.dfat.gov.au/trade/negotiations/us_fta/final-text/index.html, Chapter 17 and Annex 2(c)

1.2 Removal of government's right to regulate foreign investment

The US presses for clauses in trade agreements that remove or restrict the rights of governments to regulate foreign investment. This commonly includes the right of governments to limit foreign investment in most industries, to have any industry policy that favours local development, or to place any obligations on US firms to contribute to local development through employing or training local people, using local products or transferring technology. In Australia's case, the threshold for review of a foreign investment by the Australian Foreign Investment Review Board on national interest grounds has been lifted from \$50 million to \$800 million. There are some exceptions which will maintain existing limits on foreign investment for Qantas, Telstra and media ownership, but 90% of US investment will no longer be reviewed.⁷ This interference with the right of governments to regulate in the public interest mirrors the defeated agenda of the Multilateral Agreement on Investment (MAI).

1.3 No preferences for local firms in government purchasing

The US seeks to remove any preferences for local firms in government purchasing and equal access for US firms to all government purchasing contracts. In the US-Australia FTA, this covers the Australian Federal Government and all Australian states, for the US this covers the US Federal Government, but only half of the US states.⁸

1.4 A 'negative list' structure for services and investment

The US promotes a 'negative list' structure for services and investment. A negative list means that all services and investment sectors that are not explicitly excluded from the trade agreement are included in the trade agreement. This model also freezes all regulation at current levels so that future governments cannot introduce new regulation that is deemed to be more trade restrictive. In the US-Australia FTA, community campaigning meant that health, education, public broadcasting and some welfare services were listed as reservations and therefore excluded. However, water, energy and public transport services were not explicitly excluded.⁹

1.5 Changes to laws on food regulation and quarantine where they are seen to harm US interests

The US seeks direct input on the laws and policies of its bilateral partner on quarantine and technical standards. In the US-Australia FTA, the US pushed for changes to the regulation of labelling of genetically-engineered food and the growing of genetically-engineered crops. Community campaigning meant there was no immediate changes to Australian regulations, but the US-Australia FTA set up a joint US-Australia committee to review future policies and to ensure an ongoing US influence on Australian policies.¹⁰

1.6 Removal of or limits on local content rules for audio-visual media

In the US-Australia FTA, the US sought to undermine Australian local content rules, which ensure local voices are heard on audio-visual media. Community campaigning ensured that Australian content rules for current forms of media like film and TV were retained. This guarantee was confirmed in specific amendments to the implementing legislation. However, Australian content rules are severely limited for emerging forms of audio-visual media, like pay

⁷ Text of the US-Australia FTA (2004), Chapter 11

⁸ Text of the US-Australia FTA (2004), Chapter 15

⁹ Text of US-Australia FTA (2004), Chapter 10

¹⁰ Text of the US-Australia FTA (2004), Chapter 7 & 8

TV and interactive media, and there can be no local content rules for new media that may develop in future.¹¹

1.7 A government-to-government disputes process

US negotiations generally mandate a disputes process that allows governments to challenge the laws and policies of other governments if those laws or policies are inconsistent with the FTA. This is in all agreements, including the US-Australia FTA.¹²

1.8 In most cases, a separate investor-state disputes process

The US also promotes a separate investor-state disputes process. This allows corporations to challenge laws and sue governments for damages on the grounds that laws or regulations harm their investments. Community campaigning kept this out of the US-Australia FTA. This was a significant victory in the campaign, although there is a clause in the US-Australia FTA that may leave the door open for an investor-state disputes process in the future.¹³

2. Key features of China's bilateral strategy

While most of China's bilateral agreements are still in the negotiation phase, a number of key themes can be implied from China's priorities and sensitivities in these negotiations. In the region, China has concluded a trade agreement with ASEAN and a partial trade agreement with Thailand. China is negotiating bilateral agreements with Australia and New Zealand and a regional agreement with ASEAN, Japan and South Korea. China is also conducting studies on a potential FTA with Pakistan and is poised to sign a Bilateral Investment Promotion and Protection Agreement with India.

Further afield, China has initiated trade discussions with the Southern African Customs Union (SACU), the Gulf Countries Council (GCC) and Iceland. In Latin America, China has formed a 'strategic partnership' with Brazil and is negotiating with Chile. Yi Xiaoshun, China's assistant Minister for Commerce, commented that negotiations with Chile will hopefully hasten more FTAs in Latin America.¹⁴

Key features of these bilateral negotiations are as follows:

2.1 Securing Market Economy Status

China has made commencement of bilateral negotiations with both Australia and New Zealand contingent on Australia and New Zealand formally granting China 'full market economy status' (MES).¹⁵ China is not yet recognised as a full market economy in the WTO, on the basis that prices for goods in China may not reflect their real cost of production. A condition of China's membership to the WTO was that member countries would not have to recognise China as a market economy for 15 years from the date of China's accession. As an 'economy in transition', China's ability to defend dumping claims is weakened as the country accusing China of dumping has immediate recourse to surrogate (third country) pricing information to judge if goods have

¹¹ Text of the US-Australia FTA (2004), Chapter 10

¹² Text of the US-Australia FTA (2004), Chapter 21

¹³ Text of the US-Australia FTA (2004), Chapter 11, Article 11.16.1

¹⁴ Asia Pulse, "China moves on free trade negotiations" 8 March 2005 at

http://www.bilaterals.org/article.php3?id_article=1418 (accessed 30 June 2005)

¹⁵ Paragraph 8 of the *Australia-China Trade and Economic Framework* states "Recognising that Australia and China should negotiate on an equal basis, a joint decision by the two Parties to negotiate an FTA will only follow Australia's formal recognition of China's full market economy status."

been dumped. The Australian Industry Group claims that granting MES to China would reduce the ability of industry to take action against China for the dumping of goods.¹⁶

Liu Fande, a Senior Researcher at the Chinese Academy of Social Sciences, predicts that recognition of MES by Australia and New Zealand will encourage further international recognition of China as a full market economy.¹⁷ Australia granted China MES on 20 April 2005. The *Oriental Morning Post* in China heralded this as the major win from negotiations with Australia: “For Australia, an FTA means ‘China opportunities’; for China, China finally got Australia’s recognition of its market economy status which is more meaningful than an FTA.”¹⁸ Australia’s recognition of China’s MES is permanent, regardless of whether the FTA is concluded.

2.2 To ensure export markets for manufactured products

China’s export processing industries for manufactured goods continue to expand.¹⁹ This growth has traditionally been in low-wage low-cost manufacturing industries, but is steadily moving into higher-priced medium-technology products, such as televisions, washing machines and computer components.²⁰ The Government has actively encouraged this growth through the establishment of Special Economic Zones with tax incentives for foreign investment. China is expected to attract even further investment in its garment and textile industries following the phase-out of restrictive quotas under the WTO’s Multifibre Arrangement in January 2005.²¹

It follows that China must secure access to export markets for these manufacturing industries. Bilateral negotiations are playing an important role in securing this access and in reducing barriers to trade in manufactured goods. For example, in China’s bilateral negotiations with the GCC, Jin Ming, an expert from the Chinese Academy of International Trade and Economic Co-operation, notes that the GCC countries are a market for Chinese manufactured goods and are also potential bases for Chinese manufactured goods to enter other Arab countries.²² In the Australian context, imports of Chinese manufactured goods totalled US\$11.38 billion in 2004. If an FTA removes existing Australian tariffs in the textiles, clothing and automotive industry, the China-Australia FTA Feasibility Study predicts that imports from China would increase by US\$572 million over the period 2006 – 2015.²³

2.3 Ensuring access to supplies of resources and energy

China’s demand for supplies of resources and energy is rapidly increasing to meet growing demands from export industries, domestic consumption and infrastructure investments. China is now the world’s largest consumer of many industrial raw materials and has displaced the US as the largest market for aluminium, copper, iron ore, platinum and other commodities.²⁴ China is

¹⁶ Lenore Taylor, “Industry dumps on China free trade deal, *Australian Financial Review*, 6 December 2004 at p1

¹⁷ China Business Weekly, “China plans FTA with New Zealand, Australia”, 30 May 2005 at http://www.chinadaily.com.cn/english/doc/2004-05/30/content_334958.htm (accessed 28 June 2005)

¹⁸ Colleen Ryan, “The longer-for prize: market economy status”, *Australian Financial Review*, 20 April 2005 at p5

¹⁹ The sector experienced a rapid expansion in 2004: World Bank, *China Quarterly Update*, April 2005

²⁰ Richard Martin, “Opportunities in higher value manufacturing and other collaborations” in CEDA, *China in Australia’s Future*, May 2005 at p56 - 61

²¹ For a more comprehensive analysis of China’s textile industry and the Multifibre Arrangement, see Jane Li, “MFA phase-out: Impact on Chinese workers” at <http://www.amrc.org.hk/5203.htm> (accessed 25 June 2005)

²² Asia Pulse, see footnote n14

²³ Department of Foreign Affairs and Trade and Department of International Trade and Economic Affairs, *Australia-China Free Trade Agreement Joint Feasibility Study*, March 2005 at p 36 - 37

²⁴ Mark Thirlwell, “China and the international economy” in CEDA, *China in Australia’s Future*, May 2005 at p7

also the second largest consumer of energy in the world and is becoming increasingly dependant on oil. In 2004, China's net oil imports averaged 3 million barrels per day.²⁵

Accordingly, a key theme of China's bilateral negotiations is to form relationships with resource-rich countries to secure long-term supplies of resources and energy. In the Australia-China FTA, China is seeking improved access to Australia's iron ore, natural gas, unwrought aluminium and copper. Similarly, China is seeking improved access to forestry products and pulp from negotiations with New Zealand and access to oil from negotiations with the GCC and Brazil.²⁶ These bilateral negotiations do not of themselves secure supply contracts for China but they reduce any trade barriers and facilitate closer relationships, which can in turn be used to secure contracts with supplying companies. For example, during President Hu Jintao's visit to Brazil in November 2004 when the 'strategic partnership' was struck, China agreed with Brazil's state-controlled oil company to finance a \$1.3 billion gas pipeline between Rio de Janeiro and Bahia.²⁷ In Australia's case, a number of resource deals have been struck during the period of the China-Australia FTA Feasibility Study. For example, in December 2004 the China National Offshore Oil Corporation signed an agreement to purchase equity in the Australian Northwest Shelf Natural Gas Project.

2.4 Facilitating investment in strategic areas

China's trade negotiations serve to facilitate investment in strategic areas, both investment by China within the territories of their bilateral partners and investment by bilateral partners within China. In Australia's case, two of the key outcomes of investment liberalisation identified in the China-Australia FTA Feasibility Study are to address negotiated concessions which remove existing restrictions in each country's foreign investment regime and to develop stronger protection for Australian and Chinese foreign investors.

Accordingly, bilateral negotiations facilitate continuing flows of foreign direct investment (FDI) into China. FDI into China in 2002 was 28 times higher than in 1986 and China became the largest recipient of FDI in the world in 2003.²⁸ Simultaneously, China is actively encouraging Chinese enterprises to invest overseas through a series of favourable policies in finance, taxation and administrative examination. Peng Nanfeng, an official at the Chinese Ministry of Commerce, admits that the development of China's trade and export relations "will be important preconditions for China's enterprises to increase their competitive strength."²⁹

2.5 Protecting China's agriculture sector

A final key feature of China's bilateral negotiations is China's reluctance to open its own rural sector to further liberalisation. This is due to the adverse impact that trade liberalisation has had on the rural poor in China and the increasing disparity of incomes between rural incomes and their urban counterparts. It is estimated that the distribution of income between urban and rural areas may be as high as 6:1 and the Chinese State Council's Poverty Reduction Office recently

²⁵ Charlie Lenegan, Tony Beck & Malcolm Gray, "The economic significance of resources and energy trade" in CEDA, *China in Australia's Future*, May 2005 at p45

²⁶ Asia Pulse, see footnote n14

²⁷ Chalmers Johnson, "No longer the 'lone' superpower: Coming to terms with China" 15 March 2005 at <http://www.zmag.org/content/showarticle.cfm?ItemID=7446> (accessed 3 July 2005)

²⁸ UNCTAD Press Note, "China is not crowding out FDI from the rest of Asia, experts say", 7 March 2005 at <http://www.unctad.org/Templates/webflyer.asp?docid=5795&intItemID=1634&lang=1> (accessed 30 June 2005)

²⁹ China Daily, "China encourages enterprises to invest overseas", 6 March 2004 at http://www2.chinadaily.com.cn/english/doc/2004-06/03/content_336229.htm (accessed 30 June 2005)

announced that the number of farmers living in poverty increased by 800,000 in 2003.³⁰ Similarly, a World Bank study, released in February 2005, reports that China's rural poor have suffered a "sharp 6% drop" in living standards since China's accession to the WTO.³¹ This study, based on surveys of 84,000 households, attributes this fall in living standards to a decrease in real wages because of increased agricultural imports and an increase in the prices of commodities.

In the negotiations for the China-Australia FTA, China has indicated its reluctance to further liberalise its agriculture sector. In the China-Australia FTA Joint Feasibility, China qualified its willingness to liberalise in case studies on cotton, dairy, poultry, wool, wheat, sugar and rapeseed, by stating that any agreement "could also take into account the impact of further liberalisation on the development of China's production and farmers' incomes."³² A modelling report on the Australia-China FTA by economists at Monash University, Nankai University and the Chinese Academy of Social Sciences estimates that the China FTA would cost approximately 180,000 farming jobs in China.³³ The Chinese government predicts a larger impact on rural communities. As explained by Cheng Guoqiang, a Researcher at the State Council of China, "the livelihoods of 3 million herdsmen will be hurt to some degree if a huge volume of Australian wool enters the Chinese market."³⁴

3. Implications for communities and social movements in the Asia-Pacific

Free trade through the lens of the neoliberal economic model has fuelled 'south-south competition' and a downward spiral on labour rights and environmental standards. South-south competition describes the intensification of competition between developing countries to attract transnational investment and it is particularly evident in low-end manufacturing industries.³⁵ This competition for investment leads to a 'race to the bottom' or downward levelling in terms of wages, labour conditions and environmental standards. Anita Chan, an academic at the Australian National University, has tracked the movement of investment by transnational corporations from Mexico to China to take advantage of the comparatively lower wages and working conditions in export processing industries.³⁶ A similar relocation of investment has occurred within the Asia-Pacific.

China's role in this race to the bottom has been labelled as "defining the bottom" in terms of labour and environmental standards.³⁷ In export processing industries in China, transnational

³⁰ Kevin Watkins, "Crossing the river by feeling the stones; why trade rules matter for poverty in China", Keynote address at conference on Harmonious Trade and Development, Tsinghua University, 23 October 2003 at p7.

Stephen Frost, "What does 625 yuan per annum mean?" *Asian Labour News*, 23 July 2004 at <http://www.asianlabour.org/archives/002282.php> (accessed 9 March 2005)

³¹ Globe and Mail, "WTO status hurts China's rural poor: World Bank", 22 February 2005 at <http://www.globalpolicy.org/soecon/bwi-wto/wto/2005/0221china.htm> (accessed 4 March 2005)

³² Department of Foreign Affairs and Trade and Department of International Trade and Economic Affairs, *Australia-China Free Trade Agreement Joint Feasibility Study*, March 2005

³³ Yinhua Mai, Philip Adams, Mingtai Fan, Ronglin Li & Zhaoyang Zheng, "Modelling the potential benefits of an Australia-China Free Trade Agreement" 2 March 2005 at p28

³⁴ John Garnaut & Hamish McDonald, "Farmers push for an end to Beijing's rural protection", *Sydney Morning Herald*, 20 April 2005 at p8

³⁵ Anita Chan & Robert Ross, "Racing to the bottom: International trade without a social clause", *Third World Quarterly*, 24(6) 2003 at p1016-1021

³⁶ Anita Chan & Robert Ross, see footnote n35, at p1021

³⁷ Greider, "A new giant sucking sound", *The Nation*, 31 December 2001

corporations sub-contract orders to factories and accept the lowest bid. Workers in those factories must work until the contract is completed, which often means working 14–16 hour days, 6–7 days a week, without proper payments for overtime. Studies show that real wages have actually fallen over the past 12 years in these export processing industries.³⁸ Under China's Trade Union Law, the right to strike is not protected and workers attempting to strike can be punished or even imprisoned. China's manufacturing and mining industries are among the most dangerous in the world. Over 6000 miners died in mining accidents in 2004.³⁹

The downward pressure on wages and working conditions is maintained by a vast supply of 'floating labour' and migrant workers. Huang Ping, a Research Professor at the Chinese Academy of Social Sciences, estimates that there are 80 million rural labourers in China seeking non-agricultural opportunities in cities and towns. He adds that the traditional agricultural production needs only about 150 million full-time workers, which means that there is potentially an extra 210 million workers that could join this floating workforce.⁴⁰ There are numerous reports that migrant workers and women are subject to discrimination in export processing zones. Chan notes that, "migrant workers are the main victims of the most serious labour-rights violations" as they provide a cheap flexible source of labour in export processing zones.⁴¹ Migrant workers are required to possess a 'temporary residential permit' and are not entitled to the benefits enjoyed by local residents, such as social welfare, schooling or the right to own property.

This downward pressure resonates throughout the Asia-Pacific in the lowering of wages and working conditions. For example, South Korea's protective labour laws were relaxed in 1998 to make it easier for workers to be dismissed and Malaysia and Singapore host a large number of foreign migrant workers.⁴² Flexible or casual labour is widespread in Thailand, Indonesia and the Philippines. In Australia, this downward pressure has contributed to the environment for the conservative Howard government to introduce major changes to the industrial relations system, which will threaten working conditions, the minimum wage and the ability of workers to organise. Proposed changes include lowering minimum wages and working conditions by abolishing the role of the Industrial Relations Commission as an 'independent umpire', removing unfair dismissal protection for employees in workplaces with up to 100 employees and restricting the rights of union official to visit workplaces. The Australian election in 2004 gave the Howard government an increased majority and control of both houses of parliament, meaning that these proposals could be passed from August 2005.

4. Resistance by social movements

Social movements have arisen at local, national and international levels to challenge multilateral and bilateral trade negotiations that advance the US neoliberal economic model. These movements have had successes in exposing the secret and undemocratic nature of negotiations

³⁸ Anita Chan, "A race to the bottom: Globalisation and China's labour standards", *China Perspectives* (46) 2003 at p41 - 43

³⁹ Stephan Wyatt, "China's coalminers count cost of progress", *Australian Financial Review*, 15 March 2005 at p61

⁴⁰ Huang Ping, "China: Rural problems and uneven development in recent years" in Lau Kin Chi & Huang Ping (eds), *China Reflected* (ARENA, Hong Kong, 2003) at p12 - 33

⁴¹ Anita Chan, *China's workers under assault: The exploitation of labour in a globalising economy* (ME Sharpe, New York, 2001) at p7

⁴² Rene Ofreneo, "Changing labour markets in a globalising Asia: Challenges for trade unions", *Asian Labour Update* at <http://www.amrc.org.hk/4501.htm> (accessed 28 June 2005)

and the reach of trade agreements into peoples' lives and national laws and policies. In 1998, national movements formed global links to successfully resist the MAI's blatant charter for the extension of corporate power at the expense of democratic law-making. In Canada, strong community movements turned public opinion against the North American Free Trade Agreement (NAFTA), but political parties failed to keep pledges to oppose the agreements after being lobbied by powerful business interests. In Latin America, the spread of NAFTA has been delayed, partly because of the election of more progressive government sceptical of the neoliberal agenda in key Latin American countries.

In Australia, the campaign against the US-Australia FTA brought together diverse movements, including unions, environment groups, health groups, pensioner groups and many other community groups. There were hundreds of community meetings around the country, rallies in the major centres, thousands of letters and emails sent to politicians and two parliamentary inquiries. This grassroots debate was reflected in both community and mainstream media. A well-funded business lobby, including US-based firms such as AUSTA, campaigned for the US-Australia FTA, especially in the Murdoch-owned media. But the claimed benefits of the US-Australia FTA were contested fiercely even by mainstream economists.⁴³ There were also links between unions and community groups in the US and Australia, reflected in common critical statements and lobbying of some members of the US Congress. The limited impact of the US-Australia FTA in the US meant that this campaign did not become a major focus for US social movements.

This campaign succeeded in influencing public opinion. There was a steady decline in support for the US-Australia FTA, from 65% when negotiations started to 35% in February 2004 when the deal was concluded. A survey by the Lowy Institute in February 2005 showed that support for the agreement remains at only 34%.⁴⁴ The main opposition party, the ALP, and the minor parties all adopted policies critical of the US-Australia FTA. This was the first time the ALP had ever conceded that it might oppose a particular trade agreement and showed the influence of the community campaign. In the end, the implementing legislation was approved in parliament as a result of factional divisions in the ALP. Key figures in the ALP Right, lobbied by sectors of business who would benefit, argued that rejection of the US-Australia FTA would be seen as anti-business, anti-American and electorally damaging. The ALP Caucus endorsed the implementing legislation, with some amendments in response to very specific community concerns about the costs of medicines and Australian content rules in audio-visual media.

In China, there is an increasing debate about the neoliberal trade agenda and some Chinese NGOs and academics are vocal critics of free trade. Wang Hui, a Research Professor of the Chinese Academy of Social Sciences, suggests that the 1989 social movement in China was the first mobilisation against marketisation and "should be seen as part of a continuum leading up to the November – December 1999 Seattle, and the April – May 2000 Washington protests against the WTO and IMF."⁴⁵ Targeted resistance against a neoliberal free trade agenda is building momentum in China, following its accession to the WTO in 2001. Hong Kong based activists and organisations have formed the Hong Kong Peoples' Alliance on the WTO to facilitate a regional mobilisation to coincide with the WTO Ministerial in December 2005.⁴⁶

⁴³ For example, Ross Gittins of the *Sydney Morning Herald*, Tim Colebatch and Ken Davidson of *The Age* and Allan Wood of *The Australian* and Professor Ross Garnaut.

⁴⁴ The Lowy Institute, *Australians speak 2005: public opinion and foreign policy*, March 2005 at p23

⁴⁵ Wang Hui, see footnote n2 at p219

⁴⁶ Visit www.hkpa-wto.org for more information.

Within the Chinese labour movement, there are developments to protect workers' rights and conditions in the 'race to the bottom'. There has been an increase in the scale and frequency of workers' protests documented in the Chinese press. In export processing industries in Southern China, there are reports of a labour shortage crisis as rural migrant workers respond to declining real wages and poor working conditions. Chan observes that "the rural population of China ... are engaging in a form of spontaneous collective action and initiating changes in China's macro-labour market."⁴⁷

The All Chinese Federation of Trade Unions (ACFTU), although officially aligned with the Government, has begun organising enterprise-level trade union elections in state-owned enterprises and is pressuring some transnational corporations to establish union branches in the workplace.⁴⁸ The most publicised example of this is ACFTU's campaign targeting Wal-Mart to establish official union representatives at Wal-Mart retail outlets in China. In November 2004, Wal-Mart succumbed to ACFTU's pressure and reporting by the Chinese media and established workplace union representatives in all of Wal-Mart's Chinese stores. Wal-Mart is renowned for its anti-union practices in the US and this is the first time that Wal-Mart has made concessions to a trade union.⁴⁹

Conclusion

The bilateral negotiations pursued by the US and China have different key features and different implications for communities and social movements. This web of trade negotiations in the Asia-Pacific provides an opportunity for social movements in different countries to work together to resist unfettered neoliberalism. In the context of the China-Australia FTA, bilateral trade negotiations provide an opportunity for activists and community organisations in Australia to establish and develop links with similar groups in China. In resisting these FTAs together, we can deepen our understandings and build solidarity to resist the neoliberal trade agenda.

⁴⁷ Anita Chan, "Recent trends in Chinese labour issues: Signs of change", *China Perspectives*, (57) 2005 at p2 – 6

⁴⁸ Under China's labour laws, all enterprises are supposed to contain an enterprise-level union branch and the employer is supposed to pay an amount equal to 2% of the factory payroll every month to the union to covers its expenses.

⁴⁹ Anita Chan, see footnote n47 at p15 - 17