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## ***Trading in Crisis: Australia's trade policy and the food and environmental crises.***

Presented by Adam Wolfenden at the International Symposium on the Food and Environment Crises, Hokkaido, Japan, July 2008.

Being a non Indigenous person from an occupied land, I would like to acknowledge that this meeting is taking on the land of the Ainu and pay my respects to their traditions, cultures and ancestors.

I have been asked to speak about the role of trade and the food and environment crises that we are facing. As we have seen with these crises those who currently are and in the future will face the severest impacts are undoubtedly the global poor. Whilst these crises are having an impact on communities in Australia, our role in this is predominantly that of protagonist. Australia has a history of championing neo-liberal free trade and acting to support many of the policies that are responsible for the crises that we face today.

Australia has had a long and dependent relationship with the trade in resources. Australia's economy was said to have been developed on the 'sheep's back' a reference to the export wool trade that supported Australia early after white invasion. This resource export led growth has continued right up till the recent 'minerals boom' that has been occurring over the past decade. It's easy to understand why this has been the case. Australia has a vast array of extractive minerals sitting under the ground, large areas of cleared land for agriculture, and advanced infrastructure to ensure that it can be exported quickly.

Considered from this perspective Australia has always had an outward looking view of trade. After invasion not only was Australia looking at trade because it was an island but we were an island that could supply old colonial powers and new growing economies with the resources that they need. Getting what we had to the rest of the world has always been very important for us.

This interest in exploiting natural resources however has not been a benign process. The impacts on the environment are starting to hit their crisis points as Australia's ecosystems begin to buckle under the strain of constant over-use and the impacts of climate change begin to hit home.

### **Environmental Crisis**

Australia's natural environment has felt the full effects of Australia's trade policy. The focus on industrial agriculture and the constant need for growth in these industries has demanded more and more from the earth.

This demand however has not been based only on domestic consumption. Currently two thirds of Australia's agricultural produce, this includes processed foods, is grown for export<sup>1</sup>. Given that this figure is so high, it is easy to draw the links between the environmental impacts and Australia's export led agriculture industry.

The impacts of this industry are far reaching. Australian government State of the Environment Reports have repeatedly highlighted land clearing as one of the most significant threats to biodiversity in Australia. Almost half of all land clearing in the past 30 years has been for agriculture. This clearing has altered the extent, quality and patterns of habitat and changed fundamental hydrological and other processes<sup>2</sup>.

Further to this agriculture accounts for up to 75% of Australia's freshwater use once again mostly for export<sup>3</sup>. Such demanding use of water is the main cause of 2.5 million hectares of prime agricultural land being salinity affected<sup>4</sup>. The National Land and Water Audit estimates that if current practices continue the possible land area affected by dry-land salinity in 2050 at 17 million hectares.

Whilst Australia's agricultural industry is causing environmental impacts at home, our exports are adding to the climate crisis. In 2005/06 Australia exported 233 million tonnes per annum (Mtpa) of coal which when combusted produced 559 Mtpa of equivalent carbon dioxide<sup>5</sup>. To understand what this means, that amount is slightly more than Australia's total domestic emissions from all sources for 2005, which totalled 555 Mtpa<sup>6</sup>. Australia is exporting more CO<sub>2</sub> than it is producing domestically. There is more to come however with coal ports in two states expanding rapidly and more new mines being approved.

Whilst it is the countries that burn the coal that are held responsible for the emissions produced there is no doubt that the link exists between the supply of coal and the emissions generated. Given the plans for coal export expansion Australia is looking to capitalise on this even further.

This leads us to the underlying thrust of Australia's growth focussed trade policy and the climate crisis, more trade equals more transport emissions. Currently 90% of trade is transported via shipping which accounts for nearly 4.5% of global emissions

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<sup>1</sup> Department of Foreign Affairs and Trade, 2008, [http://www.dfat.gov.au/trade/negotiations/trade\\_in\\_agriculture.html](http://www.dfat.gov.au/trade/negotiations/trade_in_agriculture.html).

<sup>2</sup> State of the Environment, 2006, <http://www.environment.gov.au/soe/2006/publications/commentaries/biodiversity/pressures.html#land-clearing>.

<sup>3</sup> Barney Foran and Franzi Poldy, CSIRO Resource Futures, "Future Dilemmas: Options to 2050 for Australia's population, technology, resources and environment", 2002, p. 192, <http://www.cse.csiro.au/publications/2002/futuredilemmas6.pdf>.

<sup>4</sup> Barney Foran and Franzi Poldy, CSIRO Resource Futures, "Future Dilemmas: Options to 2050 for Australia's population, technology, resources and environment", 2002, p. 125 <http://www.cse.csiro.au/publications/2002/futuredilemmas4.pdf>.

<sup>5</sup> Australian Coal Association <http://www.australiancoal.com.au/exports0607.htm>, Coal to CO<sub>2</sub> coefficient of 2.4 is calculated using the Australian Greenhouse Office's Factors and Methods Workbook.

<sup>6</sup> Australian National Greenhouse Gas Inventory (2005), <http://www.greenhouse.gov.au/inventory/2005/index.html>.

nearly double that of aviation<sup>7</sup>. Focussing our trade policy on growth and increased exports has to conflict with any desires to reduce emissions.

This raises the question about how Australia is preparing to interact with supporting developing countries to develop whilst addressing the issues of climate change. I'll come back to this when I look at Australia's trade agenda.

## **Food Crisis**

Whilst the effects of the food crisis are being felt more acutely in the global south, with higher prices leading to riots and widespread hunger, the neo-liberal ideology that has driven this crisis is having different effects in Australia.

Australia is seeing a shift away from small-scale farming. Bigger agro-corporations are capitalising on the export focus of agricultural produce and using their access to supply quantities to muscle out smaller farmers. The National Land and Water Resources Audit has found that the number of farms is declining whilst the size of farms is increasing<sup>8</sup>. Accompanied by years of drought small farmers are struggling to compete with the corporate led farms. This is a similar story with many parts of the world. Record profits are accruing to agro-corporations which in turn allows them to out price smaller competitors.

Like Australia's desire to remove central bodies like single desk exports through its trade negotiations, Australian farmers are now having to face to the reverse of such ideology. The Australian Wheat Board, famous for paying kickbacks to Saddam Hussein's regime, is having its monopoly on exports stripped away. This is seen as a way to undermine complaints about protectionism in Australia whilst calling for greater access to foreign markets. Many farmers are concerned that this will make growing wheat far too risky and are already signalling that they may pull out of the industry.

## **FTA Agenda**

Whilst I have just mentioned the impacts that Australia's trade focus is having on the environment and farming sectors domestically, it's our outward look that is having the most substantial impacts.

Under the previous Australian government bilateral trade agreements were pursued aggressively, with 3 FTAs signed and 10 other agreements being negotiations or assessed. The new Labor Government however has barely deviated from the trajectory that Australian trade policy was on. Already we have seen the self-praise the government handed out surrounding the conclusion of trade negotiations between Australia and Chile. The agreement was lauded as being the "most ambitious" agreement Australia has negotiated as it included reducing barriers in trade in virtually all goods and locked in current levels of trade in services and investment.

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<sup>7</sup> Vidal, J. *Shipping emissions twice level of aviation*, Sydney Morning Herald, February 14 2008.

<sup>8</sup> *National Land and Water Resources Audit, (2002), Figure 1.19, Commonwealth of Australia.*

Already in Asia Australia has FTAs with Singapore and Thailand. The ASEAN/NZ/Australia FTA is approaching completion. Negotiations are underway with China, Japan, and Malaysia and are expected to begin with the Republic of Korea. Feasibility studies are being completed for Indonesia and India. Asia is very clearly in Australia's trading sites.

It's in these FTA's that we see the systematic manner that Australia is contributing to the food and environmental crises. Australia views its negotiations as a chance to either get preferential access or at the very least 'lock in' levels of tariffs or regulations. It's this ideological pursuit of liberalisation of markets that is seeing Australia throw its weight around in the region.

After decades of Australian government support for its agriculture industries, the countries of Asia are faced with dealing with aggressive demands on their agricultural markets. Negotiations between Australia and Japan have been spectacularly affected by these demands with the government losing its majority in the upper-house as farmers from safe rural seats deserted the government in droves. This has seen the Japanese government's position shift in negotiations, now currently ruling out the removal of barriers for sectors like sugar, dairy, beef, and rice.

The same has also been demonstrated with the negotiations between Australia and China. After ten rounds of negotiations, agricultural products remain the main sticking point. Australia remains determined to ensure that agricultural market access is included in every agreement.

It's in this trading framework that Australia comes to the fore in its involvement in the food crisis. Already we have heard the Trade Minister, Simon Crean, espousing the benefits of liberalised trade under the Doha Round of World Trade Organisation negotiations to deal with the food crisis. This comes despite significant opposition from many countries from the global South.

The recent International Assessment of Agricultural Knowledge, Science and Technology for Development (IAASTD) report has highlighted, global food production needs to move towards more small-scale, locally based approaches and away from liberalised agricultural trading markets<sup>9</sup>. The IAASTD report was a joint effort between the UN Food and Agriculture Organisation, business, community groups and 60 governments. This comprehensive report was fully endorsed by 57 governments with the only three not doing so being Australia, the US, and Canada. It is a rather telling sign for Australia's trading position that the vast majority of those endorsing the report were from the global South, the very countries most affected by the global food crisis and those calling for greater food security.

With Australia's generally low tariffs, it continues to pursue trade agreements that open up countries to Australian agricultural exports. These demands come despite the concerns of countries in regards to their domestic production capacities and the need for food security. Australia brings to the table a strong belief in the role of the market as being the best way to address food security issues. Blind neo-liberal faith

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<sup>9</sup> IAASTD (2008), report available at [www.agassessment.org](http://www.agassessment.org).

like this has contributed to the food crisis we are in today, and Australia, unfortunately, doesn't look like changing anytime soon.

This market-based/pro trade ideology however also extends to the framing of responses to the climate crisis. Domestically this can be seen by introducing all manner of consumer/market led schemes to reduce emissions. From 'green' cars and urban re-design to an emissions trading scheme, all these responses fit into the market sphere.

On an international level Australia is still placing the priority of trade above an appropriate response to climate change. This has seen a move away from regulatory measures that can have a more determined outcome to responses that shy away from any measure that doesn't embrace the market. Australia's Trade Minister Simon Crean has responded to calls for carbon taxes by saying:

"When countries mention things like carbon taxes or border transfer taxes, as trade ministers, we should be quite concerned about such a systemic threat to the trade system that has served us so well."

This belief in a system that has "served us so well" remains oblivious to the current crises that we are in now.

This market faith is the challenge that we face today. The G8, as a purveyor of neo-liberal ideology is continuing to drive forward the market control over our lives. The impacts that stem from this affect us all, individually, regionally, as well as globally. This isn't an argument against global trade or international economic relations per se, rather it's an argument for reshaping those relationships so that our communities have control over them and that we can take the measures that are needed to address such crises as we are facing now with food and the environment.

I would like to conclude by thanking all those involved in organising this forum. I owe special thanks to Takemasa for assisting me greatly in getting here. Finally, thanks to everyone here for the action that you take, it's always a very humbling and inspiring experience to make these connections.