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& Investment Network Ltd

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## AFTINET Bulletin 129, 25 July 2006

If you would like to contribute to the Bulletin, please contact Jemma Bailey at [jbailey@piac.asn.au](mailto:jbailey@piac.asn.au) or on (02) 8898 6540. Our website is <http://www.aftinet.org.au>.

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### 1. AFTINET media release: WTO failure shows need for change in world trade system

The announcement by the WTO Director-General after a meeting of six key governments that there was no agreement for further WTO talks means that the negotiations are suspended at least over the European summer break, until September, or possibly for years, if the US Congress fails to renew the Presidential Trade Promotion Authority. AFTINET will keep members informed of developments.

Below is the AFTINET media release.

### WTO failure shows need for change in world trade system

WTO negotiations have failed because industrialised countries, including Australia, have failed to meet their promises that the negotiations would provide genuine benefits and reduce poverty in developing countries.

The US and the EU have failed to make convincing offers on reductions in unfair agricultural subsidies. For example, the US offer on agricultural subsidies in reality preserved subsidies at their current levels. But the US and the EU made unreasonable demands on developing countries for large reductions on tariffs on industrial goods leading to unemployment. Australia supported radical deregulation of essential services

that would have reduced governments' ability to ensure access for all to those services.

Developing country governments were right to reject this as a bad deal. Studies by prominent economists like Joseph Stiglitz, former chief economist of the World Bank, show that rapid liberalisation and deregulation in low-income economies with high unemployment does not contribute to economic growth but worsens poverty. Other more recent studies, including from the World Bank itself, have confirmed that many developing countries had little to gain from the current trade proposals, with most of the gains flowing to rich countries.

WTO processes also remain exclusive and undemocratic. The decision to abandon the talks was made after a meeting of only six of the 149 members of the WTO, the US, the European Union, Japan, Australia, Brazil and India.

We need to rethink multilateral trade rules and develop a more inclusive system that delivers genuine gains for developing countries and enables all governments to retain their rights to foster local development and regulate essential services.

## 2. Book soon! AFTINET fundraising dinner Wednesday 16 August

Please circulate this notice and bring along colleagues, friends and family!

**When:** Wednesday August 16, 6.30 pm for 7pm start  
**Where:** Marigold Restaurant, Level 5, 683 George St, Sydney 2000  
Feast on a delicious four-course Chinese banquet with vegetarian options  
**Speaker:** Sharan Burrow, President, Australian Council of Trade Unions and President of the International Confederation of Free Trade Unions  
**MC:** Julian Morrow, from the ABC's Chaser's War on Everything  
**Auctions:** Cartoon by Bruce Petty, painting by Rachel Szalay.  
Raffle prizes of fair trade products and wine  
**Price:** \$55 per person

### Booking form:

**Name:**

**Address:**

**Phone:**

Please circle your choice. Please note drinks are not included, but bar is available

Do you require vegetarian food ? Yes / No. For how many people? \_\_\_\_

Please book \_\_\_\_ places at \$55 per person **or Group Bookings** discount: five (\$265) or ten (full table) \$525

You can pay by cheque, money order or credit card. Cheques should be payable to AFTINET

I enclose a cheque / money order for \$ .....

Or please charge \$..... to my (please circle) Visa / Mastercard / Bankcard

Card Number : \_\_\_\_\_ Expiry date: \_\_\_\_ / \_\_\_\_

Name of Cardholder: \_\_\_\_\_

Address \_\_\_\_\_

Phone number \_\_\_\_\_

Signature: \_\_\_\_\_

**Post / fax cheques and completed forms to AFTINET, Level 9, 299 Elizabeth St, Sydney 2000. Ph: 02 8898 6500 Fax: 02 8898 6555**

### **3. APEC / G20 teach in**

The G20 & Asia Pacific Economic Cooperation (APEC) are increasing their global influence. The G20 is a grouping of 20 of the world's most significant economies. It is an expanded version of the G8. By including countries like India & China it is said to be more 'legitimate' – yet a strikingly similar conservative agenda is pushed out through the G20 to influence the IMF, World Bank and domestic policy on global finance. The G20 meets in Melbourne in November 2006.

APEC is a regional trade forum of countries from the Pacific Rim and will include leaders from the US, China, Japan & Indonesia. John Howard has said that this will be the most important meeting ever held in Australia. The main summit in September 2007 will be preceded by over 100 meetings to be held around Australia.

Come along to the teach-in to find out more. Saturday 12 August 2006 10am-3pm at UTS (Tower Building, Broadway & follow the signs). Lunch will be provided. (Donations to cover the cost encouraged)

1. Plenary Session – What is the G20 & APEC. What relevance do they have to global governance. How have activists approached the G20 & APEC in the past. Speakers: Patricia Ranald (Public Interest Advocacy Centre and AFTINET), Karen Iles (AID/Watch) & James Goodman (University of Technology)
2. Workshops run by Greenpeace, AID/Watch, AFTINET, Australian Student Environment Network, Make Poverty History
3. Information stalls from NGOs & Community Activists

Contact AID/Watch (phone: 02 9557 8944) for more details.

### **4. New AFTINET WTO publication 'No deal is better than a bad deal'**

By now, all AFTINET members should have received the new AFTINET publication, 'No deal is better than a bad deal'. Please contact AFTINET administrator Karen Kwok, if you would like more copies for colleagues and friends or, if you are an organisation, to distribute to your members. Karen's contact details are 02 8898 6500 or [Karen@piac.asn.au](mailto:Karen@piac.asn.au). The publication is also up on our website, along with some tips for taking action. Visit [www.aftinet.org.au](http://www.aftinet.org.au).

### **5. Update on GATS negotiations - thanks to all members that took action!**

Thanks to all AFTINET members who wrote to Trade Minister Mark Vaile and their local MP earlier this month about the latest developments in the GATS negotiations.

We sent an alert out in early July about the Government's moves to support an extreme paper in the GATS negotiations on domestic regulations. These are the negotiations to change the rules of GATS who could reduce the rights of governments to regulate across the board, whether a service is listed or not. On 9 June, the Australian government supported a WTO paper that advocates a "necessity test" to ensure that regulation in areas like qualification and licensing must be "least trade restrictive". This test would apply to all national, state and local government regulation and would undermine the right of governments to regulate in the public interest. Not even the US or the EU have supported this extreme paper. Community groups and many developing countries have consistently lobbied against this position.

We understand that the Trade Minister has received many messages of concern following AFTINET's quick campaign. We have also been in contact with state governments and local governments, who were not consulted about the Government's support of this proposal.

Debate on this issue has now been suspended with all other WTO negotiations, but may resume in September.

## **6. Local council resolutions passed against GATS**

AFTINET has been working with a number of Local Councils to highlight the impact of GATS on Local Council services. In 2003, the Australian Local Government Associations identified areas of local government services and regulation, which could be affected by the GATS negotiations (see ALGA submission to the Department of Foreign Affairs and Trade, 26 February 2003 at [www.alga.asn.au/submissions/2003/gatsSub.php](http://www.alga.asn.au/submissions/2003/gatsSub.php)). The key services identified included:

- Water and sewerage services
- Waste management
- Road building and other building controls
- Land use planning and permits
- Library services.

A number of Local Councils have recently passed resolutions against GATS. One of these resolutions is reproduced below:

### **Motion**

That Council:

1. Believes public policy regarding the regulation, funding and provision of essential services should be made democratically by governments at the national, state and local level;
2. Calls on the Federal Government to fully consult with state and local government about the implications of the GATS negotiations for local government services and regulation;
3. Calls on the Federal Government to make public any specific requests it has made to other governments in this round of GATS negotiations;
4. Calls on the Federal Government to make public its specific responses to requests from other governments in this round of GATS negotiations;
5. Calls on the Federal Government to support the clear exclusion of public

services from the GATS, including local government community services and all water-related services;

6. Calls on the Federal Government to oppose any proposals that would reduce the right of local government to regulate services, including the application of a "least trade restrictive" test to regulation;

7. Calls on the Federal Government to oppose any proposals that would open up the funding of such public services to privatisation;

8. Writes to the Minister for Trade concerning the above; and

9. Submits the above motions for adoption by the Local Government Association of New South Wales at its 2006 Annual Conference.

Has your Local Council passed a motion on GATS? You can call them and find out if they have know the impacts of GATS on Local Council services. If you want advice on this, contact Jemma Bailey on [jbailey@piac.asn.au](mailto:jbailey@piac.asn.au) or 02 8898 6500.

## **7. Crunch time in Geneva: Pressure tactics in the GATS negotiations**

The Canadian Centre for Policy Alternatives has just released a publication on the GATS negotiations, that analyses benchmarks, plurilateral request-offer, domestic regulation and other pressure tactics so that non-governmental organisations, elected representatives, developing countries and ordinary citizens can intervene to counter the GATS pressure tactics.

They say "Global civil society should not be lulled into complacency by gloomy media reports about the deadlock in the Doha Round negotiations. While agricultural and other important issues remain serious obstacles to a deal, negotiators continue to work non-stop in Geneva. The decision whether to close a deal this year is a political one that will be made, as in past rounds, by a small group of powerful governments.

If there is a breakthrough on agriculture, the pressure will rapidly intensify for a large package of GATS commitments. Even if a deal can not be concluded by year-end, negotiators are now making key decisions, including writing the text of new GATS rules restricting domestic regulation. These threatened rules would seriously curtail the right to regulate services and weaken governments' ability to protect the public."

The publication can be downloaded free of charge at <http://www.policyalternatives.ca/Reports/2006/06/CrunchTimeGeneva/index.cfm?pa=6104ea04>.

## **8. US FTA threatens blood supply: Study**

**Sydney Morning Herald, 14 July 2006**

The safety of the Australian blood supply could be jeopardised under the free trade agreement with the United States, researchers have warned. Under the Australia United States Free Trade Agreement (AUSFTA), the federal government agreed to recommend to the states and territories that Australia's blood product arrangements be opened up to overseas tender. In particular, the process of plasma fractionation - the large-scale separation of blood into a number of proteins for medical use - could be taken offshore

for the first time.

Researchers at Australian National University (ANU) have warned that transporting plasma over longer distances would leave it vulnerable to error and loss. Increased economic competition could lead to inappropriate cost-cutting in manufacture, and Australia would have difficulty monitoring the situation, they claimed in a Medical Journal of Australia article published online.

Lead author Dr Hilary Bambrick said such a move also could lead to a decline in Australia's regulatory standards as products become subject to international trade dispute rulings. "Australia has been forced to compromise on quarantine in the past, and similar pressures could be applied to blood products once trade is opened up. You can have all the regulatory requirements that you like, but with a more open market we could see the eventual erosion of Australia's blood safety standards."

At present, Australian company CSL Limited is the sole provider of plasma fractionation services under an agreement with the federal government. The authors claim that if Australia loses its capacity to manufacture plasma products, it may never be revived - a concern in today's uncertain security environment. They also warned that New Zealand may be forced to "piggy-back" with new Australian arrangements because of the recent agreement to establish a single, joint body that would regulate blood products in both countries.

Australian Medical Association president Dr Mukesh Haikerwal echoed the concerns, calling for the nation's blood product services to remain self-sufficient. "Blood products have inherent dangers because we can only test for illness we already understand, and take action to avoid illness through either screening of blood or declining certain high risk people as donors. The strict rules that are used to screen Australians before donation and their blood after donation keep the risks to a minimum. We cannot guarantee the same levels of screening for any imported blood product."

The review into plasma fractionation arrangements is due to report to the federal government in January.

## **9. China trade plan wins few friends**

The Age, 29 June 2006

By Michelle Grattan

Fewer than a quarter of Australian manufacturing companies support a free trade agreement with China, according a survey by the Australian Industry Group. The study of more than 700 companies, with a total turnover of \$24.5 billion, found support had risen from 13 per cent in 2004 to 24 per cent now.

But AIG chief executive Heather Ridout told a conference in Shenzhen on the proposed FTA that the result underlined "a substantial degree of ambivalence" that was caused by issues that must be tackled. "Australian manufacturers will only support an FTA with China if it provides tangible benefits to their businesses and their future prospects," she said, adding that the case for Australian manufacturing to back an FTA "is still to be demonstrated".

The study found Australian manufacturers were encountering significant non-tariff barriers in the Chinese market. Several companies listed one or more issues, including lack of intellectual property protection, lack of transparency in legal and financial systems, inconsistent enforcement of import duties, inconsistent interpretation of provincial laws, different customs requirements, difficulties with technical standards and restrictions on foreign investment. Australian consumer goods companies reported that on average 15-20 per cent of their products on the Chinese market were counterfeit.

"Many of our members see enforcement of their intellectual property rights in China as a futile endeavour and intentionally withhold innovative designs or products from the Chinese market," Mrs Ridout said. She said China's IP enforcement problems were also being exported. More than one in five companies in the AIG study said they had experienced IP infringements from Chinese goods in the Australian market. "So it is central to the FTA that it delivers substantial improvements in the protection of IP rights for Australian companies doing business with and in China," she said.

The AIG believed that any FTA with China must be comprehensive, covering both tariff and non-tariff issues, and genuinely liberalising across all sectors of the economies. The survey showed that, for Australian industry, China was now a competitor of near-equal importance to domestic competitors. More than four in 10 companies cited competition from China as an issue of concern. Forty per cent said China had caused a negative impact on profits, with the low value of China's currency an important factor. ...

## **10. Gulf trade talks may widen**

The Australian, 22 June 2006

By Joseph Kerr

THE Government will look at expanding its free trade negotiations with the United Arab Emirates to take in a deal with a much wider group of Middle Eastern nations. The member states of the Gulf Co-operation Council - Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE - have asked Australia to incorporate the bilateral negotiations into a wider deal. The area is a significant export market for Australia, particularly for motor vehicles, with exports to the six states in 2005 worth \$2 billion. Trade Minister Mark Vaile said the Government would consider the GCC's request to widen the UAE negotiations, which started in March last year.

Already working on national free trade negotiations with China, Malaysia and the UAE, Australia is developing plans for a free trade framework with New Zealand and the Association of South-East Asian Nations. It is also working on a feasibility study for a free trade agreement with Japan.

The Australia-UAE deal was slated to be finished as soon as the middle of this year, but a spokesman for Mr Vaile said if widened, the negotiations would obviously become more complex as they involved more Gulf states. It was expected that the team that had been working on the UAE deal would be involved in any new work associated with the GCC. "We've already done a lot of work with the UAE and would hope this would assist us with the wider negotiations," he said. "In terms of the six countries it's obviously going to be more complicated now that Australia is negotiating with six

countries because there will be a range of issues come into play."

Mr Vaile has asked officials from the Department of Foreign Affairs and Trade to study the economic and trade implications of a wider deal with the GCC.

## **11. The other oil war: Halliburton's Agenda at the WTO**

The International Forum on Globalisation, based in California, has recently released a policy brief on the energy services negotiations at the WTO. This brief looks at how rich nations are trying to use the WTO to create a new global policy framework for "energy security" that would fundamentally redefine who will access energy resources, which ones are used and how, and who will benefit most from their exploitation. Finalizing such a deal could establish the WTO as a powerful international instrument to enforce a new energy architecture, shifting control over the global economy's most strategic resource — oil — to global corporations like Halliburton, the oil services giant formerly run by U.S. Vice President Dick Cheney.

The full paper can be downloaded at <http://www.ifg.org/reports/WTO-energy-services.htm>.