

Trade negotiations

That the synod adopt the following statement which addresses some of the fundamental issues at stake in negotiations about free trade.

1 Free trade negotiations

Free trade is, by definition, about minimising government regulation and controls on companies that operate internationally, freeing them to trade where they will on the same basis as local companies. It is about maximizing business opportunities. Free trade agreements seek to remove tariffs and other public policies that limit the access of foreign companies to markets or disadvantage them compared to local companies. The agreements regulate governments, not corporations. Free trade agreements include enforcement mechanisms, with penalties, where governments break the rules. There are already substantial international rules established through the World Trade Organisation on trade in goods, services, and other matters. Trade agreements also require governments to take action in one or two key areas, such as enforcing copyright and patents. Once governments agree to the rules, it is difficult for future governments to adopt different policies.

Trade negotiations have been criticized as being conducted through undemocratic and secretive processes. In the WTO, member nations do not all have the same opportunity to influence the agenda or the content of documents. Both in the WTO and in Australia, documents have only been made public as a result of lobbying by non-government organisations, who have insisted that trade negotiations should be subject to public scrutiny and debate.

The issue for the church is not trade itself. It is the agenda that seeks to limit the ability of government to regulate the actions of corporations. This limits government response to local concerns and the public interest, and the ability to fulfil obligations under other international laws. While most agreements at present only require that foreign corporations be treated the same as local firms, the way corporations are using the North American Free Trade Agreement (NAFTA) shows that the free trade agenda is more than this. Corporations encourage governments to agree to rules that give companies the right to go where they like, when they like, to do what they like, without governments being able to limit their activity. Under the North American Free Trade Agreement, corporations are suing governments and forcing them to change their laws, if, for example, they ban toxic chemicals that companies want to market. US pharmaceutical companies want Australia to modify the price control mechanisms of Australia's Pharmaceutical Benefits Scheme, claiming that these are a barrier to trade.

The Synod notes that free trade negotiations in 2003 include:

- The recently adopted free trade agreement between Australia and Singapore.
- The free trade agreement currently being negotiated between Australia and the USA. The USA objectives in these negotiations include a number of changes to Australian

policy, such as the pricing mechanism for medicines purchased under the Pharmaceuticals Benefits Scheme, privatization or less regulation of some essential services, and changes to government purchasing policy that gives preference to local products.

- The “Doha” round of negotiations in the World Trade Organisation – with a meeting 8-15 September in Cancun, Mexico. Developed nations want developing nations to comply with free trade rule within a short time period, and also want new rules for investment, competition and government procurement, which are not currently covered. They also want only a short transition time before developing nations are subject to the WTO rules. Less developed nations want access to affordable medicines, access to markets, and the right to develop their economies in the way they see fit, rather than under rules developed for the benefit of the nations with the most highly developed economies.
- Negotiations to extend and change the General Agreement on Trade in Services (GATS), an agreement negotiated through the World Trade Organisation. General changes which are being proposed would: affect the ability to regulate on matters such as professional qualifications; define government funding of services as subsidies which would then have to be available to corporations through competitive tendering; and move from a positive list (only specified services are covered) to a negative list (everything is covered unless specifically excluded) of services. Australia is also being asked to change its policies related to postal services, water, foreign investment review board, and Australian content rules in film and television.

2 Looking at trade through the eyes of faith

The God revealed in Jesus Christ calls us to view the world through the eyes of people who are poor or lack power, and to consider what is happening to the environment. So while we value the creativity by which business provides many worthwhile goods and services, we also recognise that the economic system generally serves the rich better than it serves the poor and the marginalized.

In the Christian view, governments have a responsibility to govern. They are accountable to God for how they govern. Government plays an important role in setting standards that business must meet with regard to wages, working conditions, environmental responsibility, restrictive trade practices, honesty in advertising and many other matters. Human dignity requires that all human being contribute to the decisions that affect them. This is a human right. A commitment to democracy means that peoples and nations should decide by political processes what values and goals shape their nation and their economy. The future of nations should not be decided in corporate board rooms or driven by market forces which express the views of those with the most money.

Christian theology has taken a different view of development from economists and business. Christians seek human development – development that allows people to experience their human dignity and human rights, and that encourages community life, a strong civil society, and the relationships with one another that enable trust, cooperation, care for one another and peace.

That is why churches have set up their own aid agencies, to work with communities in a way that enables economic development to serve human development.

The free market agenda is based on a different view of development which tends to equate increased economic activity with increased human well-being. However, while trade negotiators continue that focus, there are a number of non-church institutions that now recognise that economic growth is not in itself a guarantee of human wellbeing. The United Nations Human Development Index evaluates nations not only in terms of GDP, but also levels of health and education. The CSIRO and the Australian Bureau of Statistics (ABS) have shown interest in new measures of wellbeing, with the ABS publishing *Measuring Australia's Progress, 2002*, which considers a range of measures related to health, education, employment, housing, economic disadvantage, environmental health and so on. Australian Collaboration – a network of peak community agencies including the National Council of Churches – also argues for a more comprehensive view of development in determining Australia's future (*A just and sustainable Australia, 2001*).

The free trade agenda is often supported by a claim that business creates wealth (and therefore should be unfettered) and government consumes wealth (and therefore should be reduced and controlled). The church cannot be swayed by such claims, since they requires that a positive or negative value to be given to goods and services such as health and education on the basis of who supplies and pays for them, rather than what they contribute to the common good. The claim to be “wealth creators” risks being idolatrous, since God is Creator and Provider of all that humankind needs to live. The phrase is also simplistic, since human wellbeing, or genuine wealth, depends on much more than the stockmarket, the accumulation of financial capital, or the provision of goods and services for which payment is made.

Christians recognise that many aspects of life are best kept outside the system of commerce. These include the family, community and culture (that is, the culture that gives people their identity, customs for relating to one another, and wisdom, rather than culture as arts performed for an audience). Money is no substitute for human dignity, or for love, care, compassion, hope and forgiveness, none of which can be bought or sold. Money cannot buy or create health, happiness or wisdom. It does not create the web of life. To make trade the basis of our relationships and life, by making everything about life tradable or to subordinate other matters to trade, is to debase our humanity and destroy those intangible elements of life that make it most worth living.

The Uniting Church is part of the global network of Christian churches. We work with partner churches in other nations, many of which have concerns about the free trade agenda. We look at the free trade agenda not only from the viewpoint of how it affects Australia, but how it affects less developed nations, especially the small nations of the Pacific region. We note that around the world, churches are expressing concern about the free trade agenda as an agenda that undermines both Christian and human values.

3 General criteria for trade negotiations

These criteria are intended to guide UnitingCare NSW.ACT, other agencies of the synod, and church members as they assess proposed trade agreements, so that they can advocate for more appropriate rules and agreements.

(a) General criteria

1. Trade itself is not in question. However, trade is not a panacea. It does not automatically serve the common good. “Free trade” should not be an end in itself.
2. Human wellbeing, international security and world peace cannot be achieved unless sovereign nations, particularly those with the greatest economic and military power, respect the rule of law, especially with regard to:
 - a. human rights, including the economic, social and cultural rights, and core labour standards, recognized in international covenants and conventions
 - b. the environment, as required by the international treaties protecting the environment, and
 - c. the United Nations charter with its commitment to peace and local development.
3. A healthy national economy and international trade and communication are important for human welfare. However, as the Australian Bureau of Statistics and the CSIRO now acknowledge, “Australia’s progress” cannot be simply equated with economic growth. Trade agreements do not contribute to Australia’s progress and the common good when they
 - a. give priority to trade over human rights, labour rights and environmental protection, instead of creating a coherent system of international law that takes account of these areas of international obligations;
 - b. assume that increased economic production and consumption in already highly affluent nations always and necessarily improves human well-being;
 - c. fail to take account of the complex policy and human issues that are raised by the movement towards a single global market governed by a single set of rules; and
 - d. regulate government rather than business and create a single global market, rather than respecting national policy priorities in each nation.
4. Trade negotiations should be conducted by democratic and open processes, both within the WTO and in Australia.
5. Trade agreements be debated and determined by the Australian parliament.

(b) Specific criteria

1. Trade agreements should be consistent with **public policy** established by proper democratic processes within Australia. They should not be a vehicle for changing public policy, which should be developed in consultation with all relevant stakeholders. Trade should not trump other policy considerations.

2. Any free trade agreement should protect the right of Australian governments to retain or return to **roles in the provision and regulation of services which are for the public good**, such as education, health, community services and essential utilities. Whether a government provides any or all of those services now or in the future should be a matter for political decision by Australians at the time, not something to be imposed by agreements with other nations. The nature of health, education and community services, which must be sensitive to local needs, values and culture, make it appropriate that governments have the right to place restrictions on foreign corporations providing such services.
3. No free trade agreement should allow foreign companies to **litigate** against Australian governments for exercising their responsibility with regard to human rights, core labour standards or environmental standards, or for legislating in the public interest. The onus should be on the complainant to prove that the alleged trade barrier is unnecessary.
4. No free trade agreement should include **binding commitments** in areas where government has traditionally carried a major responsibility for the provision of goods or services, for example health, education, community services, provision of energy and water. In these areas, the policy freedom of future governments should be preserved.
5. Trade agreements should always be based on **positive lists** of areas covered (nations list the specific areas covered), not negative lists (nations list the exceptions, that is, they list what is not covered, and everything else is covered). It should not be assumed that all areas of trade can be treated in the same way, since they have different impacts on human life, culture and well-being.
6. Any free trade agreement should protect the right of the Australian government to allocate **subsidies** to public sector enterprises and community organizations, or to research in any sector, without making those subsidies available to foreign corporations operating in Australia.
7. Any free trade agreement should protect the right of Australian governments to have **procurement policies** that assist local economic development.
8. Any free trade agreement should allow Australia to protect its **culture** through measures such as regulation of the media, subsidies to Australian arts and film companies and special measures for Indigenous peoples to protect and transfer their own cultures.
9. Any free trade agreement should allow Australia to evaluate and impose conditions on major **investments** overseas corporations make in Australia.
10. A free trade agreement may reasonably require that public policy that restricts trade be transparent (ie that the rules and criteria are known) and applied fairly.
11. Trade negotiations must take account of the **needs of developing nations**. Trade agreements must demonstrably be tools for the better functioning of societies and cultures, and for poverty reduction. It cannot be assumed that rules that serve developed nations are appropriate to developing nations, since these often lack the regulatory

framework and the economic base that is necessary to benefit from international competition.

12. In multilateral trade agreements, Australia should not ask **developing nations** to enter into binding commitments that lock them into reliance on private provision of goods or services that in Australia or other developed nations have traditionally been provided by government, such as health, water, education.

4 Current trade negotiations

The synod expresses concern that the Government's current approach to trade negotiation does not give sufficient weight to the concerns expressed in this statement. The synod supports UnitingCare's work in this area both directly and through the Australian Fair Trade and Investment Network, and encourages church members to study and act on these issues.