

**SUBMISSION TO THE  
DEPARTMENT OF FOREIGN AFFAIRS AND TRADE  
ON THE  
PACIFIC AGREEMENT ON CLOSER ECONOMIC  
RELATIONS (PACER PLUS)**

**Submitted by:**

**Dr Alison Healey  
for the Global Justice Network  
of The Grail in Australia**

**Contact Information:**

**The Grail Centre,  
22 McHatton Street  
North Sydney. NSW 2060  
Tel: 02 9955 3053  
Fax: 02 9954 0697  
Email: [grailsydney@ozemail.com.au](mailto:grailsydney@ozemail.com.au)**

## **Introduction**

### **What is The Grail?**

The Grail is an international women's movement active in 20 countries in Europe, Africa, North and South America, Asia, Australia and Melanesia. It is a spiritual, cultural and social movement of women grounded in Christian faith and committed to the vision of a world transformed into a global community of justice and peace. The Grail, as part of civil society, takes its stance in the public arena, collaborating with others with similar values and goals.

The Grail in Australia began working with Pacific Island people over 50 years ago, collaborating particularly closely with women in Papua New Guinea; hence our intense interest in Australia-Pacific affairs.

### **How does it focus its efforts?**

It is a goal of The Grail that women have the opportunity to develop their talents and contribute to the society as fully as they are able. To this end, The Grail focuses on women's education and personal development, on social and cultural critical analysis and organised action grounded in conviction.

The Grail is connected into a number of different networks: women's movements and organisations, Christian churches and other religious communities, justice and peace groups, educational organisations and institutions.

It is out of our desire to see more truth, justice, equity and human dignity in the world that we have identified trade agreements, whether negotiated within the World Trade Organisation or within a given geographical region or bilaterally, as a particular focus for organised effort. To this end, the Grail has developed an international *Justice and Trade Agreements* network aimed at:

- mutual exchange and encouragement among participants; and
- advancing their understanding of the connections between trade agreements and their concrete experiences of trying to achieve sustainable development in relation to agriculture and other land management, fishing, manufacturing,

services, employment opportunities, investment and intellectual property rights, as they pursue important social, cultural and environmental goals.

### **Submission perspective**

We are presenting here some major concerns we have about PACER-Plus, limiting this submission to six (6) issues:

1. Sustainable development
2. Labour mobility
3. Time span for negotiations
4. Alternatives to a WTO-compliant Free Trade Agreement
5. Questions concerning Fiji
6. New thinking in the Department

## **1 Sustainable development**

In its call for submissions (to which this is a response), the Department of Foreign Affairs and Trade (DFAT) writes of 'Australia's objective of assisting the region to promote sustainable economic development'. Specifically focusing on economic development does not make for sustainable development. The evidence is all around us in degraded environments resulting from the pursuit of economic goals only. There are also innumerable examples of negative social and cultural impacts from projects with an exclusive focus on economic gain without concern for the common good: loss of employment, displacement of people, fracturing of communities and the ensuing consequences from these. **Trade agreements will only advance genuine development and sustainable development, if the negotiators are attentive to the social, cultural and environmental benefits resulting from their work.**

This issue will surface again in relation to 3, 4 and 6 below.

## **2 Labour mobility**

Australia and New Zealand have now responded to the long-standing desire of the small Pacific Island nations for access to labour opportunities in these two countries. It remains to be seen how these arrangements will prosper over time. There are two

points we would want to make here on this issue of the movement of labour from the small island economies to the two larger and wealthier ones.

(a) Knowing how much importance the Pacific Islands give to such labour access, how much remittances from workers abroad contribute to the well-being of their families and the national economy, **on no account should Australia or New Zealand use labour access as a bargaining tool in forwarding PACER-Plus negotiations.**

(b) **Labour mobility arrangements have been put in place independent of PACER-Plus and should remain so.** We oppose the inclusion of labour mobility arrangements in PACER-Plus, although we are aware that at least some Pacific Island officials have expressed support for this, believing that it would assure the future of such arrangements by making them part of a binding agreement.

### **3 Time span for negotiations**

The Niue Forum 2008 agreed that the Pacific Islands would formulate a detailed Road Map for moving forward with proposals for PACER-Plus. A most important goal of the Road Map was ensuring that the Pacific Islands would have the time and capacity to research adequately and evaluate the social, cultural and environmental consequences for them of entering into a WTO-compliant trade agreement. These consequences would not be the same for each Island nation. A good deal of regional coordination and communication would be essential throughout this work. Realising their lack of adequate skilled personnel, finance and other necessary resources, the proposal from the Forum Secretariat of an Office of Chief Trade Advisor (OCTA) was welcomed by the Pacific Islands to supply their felt need for support.

Both the Road Map and the OCTA proposals were met with obstructive responses from Australia and New Zealand that seem to flatly contradict both countries' verbal protestations of wanting to 'be generous', wanting to 'break the shackles' of colonialism in the Pacific and 'empower the region'. A few examples of these obstructive responses are:

- meagre funding for the OCTA, together with a ban on the seeking of supplementary funding from other sources (this ban was later lifted);
- excluding from OCTA's mandate the work of capacity building and training independent of Australian and New Zealand bias, insisting that Australia and New Zealand control such training;
- and demanding that PACER-Plus negotiations begin immediately following the Forum in Cairns in August 2009, despite the Road Map's recommendation that negotiations begin only after all national research and consultations were completed.

The Road Map, in fact, suggested that negotiations begin in 2013. While this may seem too slow for Australia and New Zealand, it seems to us that the Pacific Islands' requirement of quality research, consultation and assessment of the social, cultural and environmental impacts of PACER-Plus is entirely reasonable. Sustainable development for the Pacific is not possible if this requirement is not met.

Whose interests are served by adamant insistence on a 2009 start? **We urge the Australian Government and DFAT officials to take a more reasonable and fairer approach to the timetable for PACER-Plus. Support the Island nations in their just desire to be sufficiently resourced before entering into negotiations. If this is done with generosity and goodwill, some earlier date than 2013 may well be possible, as well as more harmonious and productive regional cooperation.**

#### **4 Alternatives to a WTO-compliant FTA**

'Discussions on the future trade relations between the Pacific Island Countries and Australia and New Zealand should be wide ranging and focus on utilising trade to reduce poverty. To this end, all alternatives to a WTO-compatible free trade agreement should be investigated.'

(Statement to Pacific Island Forum Trade Ministers from Pacific civil society organisations, churches and trade unions, June 2009.)

Australia and New Zealand claimed their 'rights' to pursue a WTO-compliant FTA with the Pacific Island nations, based on the 'trigger clause' in PACER, when the

European Union entered the region in pursuit of Economic Partnership Agreements (EPAs) with Pacific countries. Only Papua New Guinea and Fiji have initialled (but not signed) a goods agreement with the EU. All the other countries have resisted the EPAs. These are not solid grounds for Australia and New Zealand to press their PACER-Plus agenda which raises doubts about their motivations: self-interested opportunism rather than a genuine desire for sustainable development and peaceful cooperation in the Pacific?

WTO-compliant FTAs limit the policy possibilities for governments, binding them to rules of compliance under pain of sanctions which small economies cannot bear. Tonga, the latest of only four Pacific Island countries to become a member of the WTO, knows the cost: they see now how their local markets cannot compete with the influx of foreign goods and services, resulting in the failure of Tongan businesses and loss of employment opportunities; and the Tongan government is prevented by WTO rules from giving particular support to local industries. A significant source of income for Pacific Island governments has been tariffs on imported goods. When these go in accordance with WTO rules, Pacific governments will face a double burden: as revenues fall through tariff slashing, the provision of public services in the region is undermined and employment in the public sector is reduced. A WTO-compliant FTA among these fragile economies of the Pacific strikes hard at both their public and private sectors. This why it is essential that Pacific Island countries, before committing to a PACER-Plus agreement, have the time and resources to assess the possible consequences of doing so and carefully explore what they would need to do to strengthen their public and private sectors and civil society in advance of opening them to the impact of such an agreement.

**We urge the Australia government to pause in its determined drive towards a WTO-compliant PACER-Plus and consider more flexible and appropriate alternatives. There are other forms of agreement already in existence for promoting and strengthening trade in the region; other means of building capacity in the region for self-reliant sustainable development that will reduce poverty and enhance region solidarity.**

## 5 Questions concerning Fiji

We have read legal opinion that Fiji's membership of the Forum and participation in PACER and associated trade negotiations are two different issues and that Fiji's exclusion from the Forum does not legally exclude her from PACER-associated discussions. We are also aware that the Melanesian Spearhead Group supports Fiji's demand for inclusion in Pacific regional trade talks. Even if an opposing legal opinion supports Fiji's continued exclusion, there is no escaping Fiji's economic and strategic importance among the Pacific Island nations and its role as communication hub of the region. Clearly, this question of Fiji's involvement in Pacific trade talks must be resolved as soon as possible and before any further decisive steps are taken towards PACER-Plus.

How can a satisfactory regional outcome from trade negotiations be achieved if Fiji has no part in them or enters as a latecomer to decisions taken without her? What is Australia's goal and intention with PACER-Plus? Is the intention a fully regional trade agreement involving all the Forum Island Countries (FICs) or is Australia prepared to go ahead with PACER-Plus on a bilateral basis with approved island nations? **Is there a clear policy statement on this matter? Where can it be found?**

## 6 New thinking in DFAT

On 18<sup>th</sup> June, I attended a DFAT consultation in Canberra, when Department officials reported on the full range of FTAs in which Australia was engaged: agreements currently operative, agreements in negotiation and prospective negotiations. We were given opportunity to ask questions and comment. I had one major question I wanted to raise touching on the Department's work as a whole. The Chairman reasonably suggested that it wait till the end and, as often happens, the meeting ran overtime and I never got to raise it. I do so now since it is relevant to this submission. And I am specifically asking for a response from the Department.

The question is: What new thinking, what new approaches are there in DFAT these days in relation to trade agreements? It was hard to escape the view at the June consultation that Australia's implementation of trade policy consists in making the same trade agreement over and over again, year after year, making some particular

adjustments as needed, but with little, if any, sign of fresh thinking that takes into account major changes in the world and in Australia. This may be a perception that you think is born in ignorance, which is why I am seriously asking for a response.

For example, the world is now alert as never before to the pressing need to respond to climate change. The earliest refugees from lands made uninhabitable by climate change are in the Pacific. Where are we taking account of this global reality and its consequences in our trade negotiations? WTO-compliant agreements give very weak consideration to environmental issues, which need to be given high priority.

The same can be said about social and cultural realities. Aware, as we are, of social and cultural stresses, upheavals and conflicts around the world and the role economics plays in these, including in our Pacific region, where is the evidence in our trade negotiations that we understand the necessity for well-informed social and cultural impact studies before entering into a rigid economic agreement?

At this time of worldwide recession, when people everywhere are suffering from a gravely flawed global financial system, especially the weakest economies, how is the Department showing necessary flexibility in its trade dealings with the weak economies of the Pacific?

**We urge the Australian Government and DFAT to really do something different (as has been promised) in their trade negotiations with their fellow Pacific Forum members. Don't go down the same old road of a WTO-compliant agreement with its rigidities and blind spots. Lead the world by trying a more fresh and flexible approach to achieving regional sustainability and solidarity. Design a new agreement to meet new challenges.**

## **Conclusion**

We commend these views and proposals to the attention of the Department

*Alison Healey, Sydney, July 2009*



## Some References

- 1 S Crean and B McMullan, *International engagement begins in our own backyard*, August 2008.
- 2 Dept of Foreign Affairs and Trade : *Call for public submissions*, June 2009
- 3 *Fiji and free trade policies*, Fiji Broadcasting Corporation, [www.bilaterals.org](http://www.bilaterals.org)
- 4 Jane Kelsey, *Legal opinion*, on status of Fiji re PACER, June 2009.
- 5 Duncan Kerr, *Balancing Trade and Aid*, newmatilda.com April 2008
- 6 Melanesian Spearhead Group, Special Retreat, *Press Release*, July 2009.
- 7 Nathan Assoc. for PIFS, *Pacific Regional Trade and Economic Cooperation Joint Baseline and Gap Analysis*, December 2007. Pacific Civil Society Organisations, *Statement on Trade Justice*, August 2008
- 8 Pacific Civil Society Organisations, *Statement on Trade Justice*, August 2008
- 9 Pacific Island Forum Secretariat (PIFS), *Forum Economics Ministers' Meeting*. October 2008
- 10 Pacific Network on Globalisation (PANG), *Speaking Truth to Power*, July 2009
- 11 Pesi Fenua, *on Tonga's economic and political reform program*, newspaper editorial January 2009
- 12 Solomon Islands, *Road Map (draft)*, June 2009
- 13 Trade Ministers at Samoa, June 2009, *Outcomes: Final Report*.