



- Trade negotiators in the Pacific: Small island nations take a strong stance
- The failure of the World Trade Organisation (WTO) Conference, Nairobi, December 2015
- Beware of 4<sup>th</sup> February
- Event in Geneva on Human Trafficking

## TRADE NEGOTIATORS IN THE PACIFIC

### Small island nations take a strong stance

Papua New Guinea and Fiji, the two largest economies among the Pacific Island nations, will not support the **PACER-Plus** regional trade agreement. The Trade Ministers of the two countries announced their common stance this month, January 2016.

PACER (Pacific Agreement on Closer Economic Relations) has been in existence since 2002, but, in 2009, Australia and New Zealand encouraged the Pacific island countries to begin negotiations towards developing PACER into a 'comprehensive trade agreement' compatible with World Trade Organisation rules, that would integrate Australia, New Zealand and 14 Pacific island nations into one market. This 'enhanced' agreement is currently called PACER-Plus.

Richard Maru, PNG's Trade Minister, sees little benefit for PNG in the agreement in its current form. In particular, he believes that the push to remove tariffs and duties will kill his country's manufacturing sector and reduce employment opportunities.

Fayaz Koya, Fiji's Trade Minister, said: 'We will not sign a document that is not a development-based agreement. It's our sovereignty that we are looking at. The negotiations to date ...fail to take into consideration the interests of the Pacific island communities'. He added that all governments should ensure that negotiations result in a long-term, predictable and sustainable agreement...leading to an increase in exports,

job creation, poverty alleviation and private sector growth.

Wes Morgan writes about the 'active trade diplomacy agenda of Pacific Island countries'. He points out that they have negotiated and implemented new regional trade agreements among themselves. With external powers, they have proved tough negotiators. They have shifted the terms of discussion about trade and development in the Pacific and broadened the agenda of negotiations in the island nations' favour. He suggests that, as long as their arguments fall on deaf ears in Canberra and Wellington, trade policy may well 'remain an issue-area in which the island countries sail their own way'.

The Grail in Australia is an active participant with other civil society and church organisations seeking justice in the Pacific, who take heart from these announcements from PNG and Fiji. May the Pacific leaders stay determined in their resistance; and may leaders of other small powers in the world be strengthened by their example.

Sources: *Fiji Broadcasting Corporation and Radio New Zealand; Wes Morgan, 'Contemporary Pacific Trade Diplomacy' in a new book 'The New Pacific Diplomacy', ed. Greg Fry and Sandra Tarte, Australia National University Press, [press.anu.edu.au/titles/pacific-series/the-new-pacific-diplomacy/pdf-download/](http://press.anu.edu.au/titles/pacific-series/the-new-pacific-diplomacy/pdf-download/) Edited A Healey.*

## THE FAILURE OF THE WORLD TRADE ORGANISATION (WTO) CONFERENCE

Developing countries return home empty-handed

In the last Bulletin (Nov 2015) we tried to prepare you for the Tenth WTO Ministerial Conference, by outlining the critical issues of justice facing the member countries' trade ministers. We promised to report the outcome in this Bulletin. The title of this article is a true summing up of the meeting's achievement. This report combines information from two reliable civil society organisations.

From the perspective of least developed countries (LDCs), Africa and other developing countries, the list of failures at the December WTO Conference is long:

- no agreement to allow their governments to adopt measures to improve food security through stockpiling food, providing price support for farmers and managing food distribution;
- no decision on special safeguard mechanisms (SSMs) that would protect their domestic producers from the devastating effects of richer countries' dumping cheap subsidised goods on the world market;
- no relief for developing countries on cotton;
- ongoing maintenance by wealthy countries of trade-distorting 'domestic supports' to agricultural producers - supports that are not available to developing countries and LDCs; (Developed countries agreed to remove export subsidies immediately but the most damaging subsidies remain unabated.)
- no agreement on a development focus in trade negotiations, as promised at the Conference in Doha, 2000.

The wish list of 'new issues' that the USA and global corporations are trying to push onto the WTO agenda – regarding investments, competition policy and government procurement – were blocked by India, Africa and other developing countries. But there can be no doubt that this corporate agenda of the wealthy will continue a persistent threat to the aspirations of the majority of WTO members

All of this amounts to an inability of the WTO to deliver to the poorer countries. Every day, farmers marched on the streets of Nairobi chanting -

*AGRICULTURE IS NOT YOUR TRADE. IT IS OUR LIFE. OUR LIFE IS NOT TRADE. REMOVE WTO OUT OF AGRICULTURE. END WTO.*

20,000 people die every day from hunger and poverty-related diseases. Those who desire economic justice must advocate for immediate changes to the WTO to relieve the suffering of the poorest and most marginalised peoples. At the same time we must advocate for a transformation of the global trading system to one that promotes food security, jobs and sustainable development. Given the way things are going currently at the WTO, it will be a long painful struggle indeed.

*Sources: Afsar Jafri, 'Developing Countries Return Empty Handed from WTO's Nairobi Ministerial', Focus on the Global South.. [focusweb.org/content/endwto-developing-countries](http://focusweb.org/content/endwto-developing-countries); Deborah James. Report on WTO Conference, Nairobi, Huffington Post, [huffingtonpost.com/deborah-james/](http://huffingtonpost.com/deborah-james/) Edited by M. Boyd and A. Healey.*

### BEWARE OF 4<sup>TH</sup> FEBRUARY

In a few days, on 4<sup>th</sup> February, leaders of the participating countries<sup>1</sup> in the **Trans-Pacific Partnership Agreement (TPP)** are expected

to sign the agreement in Auckland, New Zealand. As we pointed out in our last Bulletin (November 2015), the TPP is for mega-rich

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<sup>1</sup> Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the USA and Vietnam.

foreign investors, not citizens. Why is it so secret? Walden Bello quotes the words of former USA Trade Representative, Ron Kirk: 'If they, [namely, the TPP and the TTIP – the Transatlantic Trade and Investment Partnership between USA and Europe] had been negotiated openly, they wouldn't stand a chance of being approved by people'.

Gus Van Harten, a law professor at Osgoode Hall, Canada's most prestigious Law School, wrote a recent article in *The Tyee*, entitled *Seven Ways the TPP Favours Mega-rich Foreign Investors*:

1. The TPP will give special protections to foreign investors at significant public cost, without compelling evidence of a public benefit.
2. When the TPP refers to 'foreign investors', we should understand this to mean large multinationals and the super-wealthy.
3. The TPP is worse than older existing agreements, such as the North American Free Trade Agreement (NAFTA).
4. Any new provisions in the TPP that seem better than those in, say, NAFTA may be of no ultimate benefit because the TPP adds to, and does not replace, existing trade agreements. Foreign corporations may, therefore, sue a government under the provisions of both agreements.
5. The TPP will make it easier for global banks to resist regulation.
6. The TPP is incompatible with the rule of law.
7. The TPP is disrespectful of domestic institutions, including the courts.

According to WikiLeaks, President Obama and the USA are pushing this deal because, after World War II, the USA controlled half the world's trade and was able to re-write the rules of trade but, when India and China joined the World Trade Organisation (WTO), the USA became less in control. So it began to envision some new structuring of trade relations that would secure its ultimate power

among other powers in the world. The successful conclusion of **three agreements** – the TPP and the TTIP already mentioned together with the Trade in Services Agreement (TISA) currently being negotiated among 50 countries spread through all the continents<sup>2</sup> - would bind 1.6 billion people and two-thirds of the global economy in treaties dominated by the USA. Major and emerging economies that are not participants in the negotiations of any of these agreements include China, India, Brazil, Russia and South Africa (often abbreviated to BRICS). The TPP is perceived by analysts to be part of a new geo-political conflict between the USA and China.

Now being referred to as 'the three Ts', these three agreements are basically intended to be Corporate Ownership Treaties with few restrictions on what they may determine in relation to public health, education, employment, access to medications, the environment and sovereignty. In effect, they would become a new global legal and economic system.

Proposed rules about investments in all three agreements constitute a huge problem. Foreign investors are given the right to sue a country for compensation, if they claim that a citizens' protest, or a law or regulation, or other action in that country has the effect of reducing their profits. This is called Investor-State Dispute Settlement (ISDS). This right is not available to domestic companies and these provisions override the sovereign power of the country's citizens and their governments.

A current example illustrates how the ISDS currently works. The province of Nova Scotia, Canada, is being sued for the second time in 5 years by Resolute Forest, a company based in Delaware, formerly known as AbitibiBowater. In August 2012, Nova Scotia put \$124.5 million toward helping Vancouver-based Pacific West to re-start the Port Hawkesbury paper mill at the entrance to Cape Breton Island that was closed in 2011. The then Premier of Nova Scotia said that, if the mill were to remain closed, it would have a devastating effect on the province's economy,

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<sup>2</sup> The actual number of negotiating parties is 23, with the European Union negotiating on behalf of 28 countries.

as it accounted for 2.5% of the province's GDP and supported 1,400 jobs in a rural area. If re-opened, it would boost the province's economy through tax revenues and stumpage<sup>3</sup> fees and jobs would be saved. Pacific West indicated that it would spend \$165 million a year in payroll, maintenance, equipment and operating costs. It was estimated that the money paid by the province to help finance the re-opening would be recouped in seven years. By October 2015, the mill had become the largest contributor to the economy of Northern Nova Scotia. Its weakness was that it exported paper products to the USA.

Two subsidiary companies of Resolute Forest owned a mill in Laurentide, Quebec, which made the same type of paper as the Port Hawkesbury mill, and Resolute Forest claimed that Port Hawkesbury had been unfairly subsidised. A rescue package in support of the economy and the people of the province an unjust subsidy? Canada, the most sued country under ISDS, is now subject to a \$97.1

million challenge by Resolute Forest, filed under the rules of NAFTA on 30<sup>th</sup> December 2015. Resolute Forest claims that competition from Port Hawkesbury caused the closure of the Quebec mill, depriving the company of the value of its investment, in violation of its company rights under NAFTA as a USA investor in Canada. In 2012, when the then 126-year-old Laurentide mill was closed, other reasons for its closure were cited in addition to competition - the high cost of fibre, higher transportation costs and fuel costs. Now the case is in the hands of three independent professional arbitrators.

The TPP, which represents 40% of the world's economy, holds more power than any other agreement to sue countries and by-pass their laws.

*Sources: Gus Van Harten, 'Seven Ways the TPP Favours Mega-rich Foreign Investors'; Halifax Chronicle Herald, Halifax Nova Scotia, Jan. 2016. Edited Mary Boyd.*

## EVENT IN GENEVA AGAINST HUMAN TRAFFICKING Call for information

In June 2016, UFER (International Movement for Fraternal Union among Races and Peoples) and The Grail will be organising a side-event against human trafficking, during the meeting of the Human Rights Council in Geneva. The focus will be on domestic workers and refugees. We would be happy to receive information around these areas of concern from readers of this Bulletin.

**Please send** articles, reports or any other information to me, Elly Konig, [ellykon@gmail.com](mailto:ellykon@gmail.com)

**We must always tell what we see. Above all, and this is more difficult, we must always see what we see ~ Charles Peguy**

**Contributions to Bulletin and responses to its content welcomed.  
Deadline: 14<sup>th</sup> of each month. Publication office in Sydney.**

The Bulletin is currently produced by two networks: *Justice and Trade Agreements* and *Human Trafficking*. Coordinators: JTA - Mary Boyd ([maryboyd@live.ca](mailto:maryboyd@live.ca)); Alison Healey ([grailsydney@ozemail.com.au](mailto:grailsydney@ozemail.com.au)); HT - Elly Koenig ([ellykon@gmail.com](mailto:ellykon@gmail.com)); Angelina Kyondo ([mksgrail@yahoo.com](mailto:mksgrail@yahoo.com)). Design: Thanks to Marian Kelly for her donation of time and talent.

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<sup>3</sup> 'Stumpage' is a price put on standing timber and the right to harvest it, reckoned as a unit value per stump