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PACIFIC FREE TRADE AGREEMENT DRIVEN FORWARD WITHOUT TWO MAJOR ISLAND NATIONS

PACER-Plus, a comprehensive free trade agreement conforming to World Trade Organisation rules, has been in negotiation for eight years, 2009 – 17. For most of this time the participating countries have been the 16 member states of the Pacific Island Forum¹. However, PNG finally took the decision to withdraw from the process altogether; and Fiji was still wanting to negotiate further certain provisions they found unacceptable when, with Australia and New Zealand prevailing, the decision was taken to finalise the agreement with the 14 countries willing to do so.

PACER-Plus has developed out of PACER (Pacific Agreement on Closer Economic Relations), which came into force in 2002. PACER was described as a 'framework document' that provided for future development in trade cooperation and economic relations across the entire region of the Forum. It envisaged step-by-step trade liberalisation. Seven years later, Australia and New Zealand began to put pressure on the other Forum countries to achieve this liberalisation not only in goods, but also in services and investment.

On 20th April this year, 14 trade ministers met in Brisbane, Australia, and agreed that they would formally sign PACER-Plus into effect in Tonga in June. Both PNG and Fiji may join the agreement at any time in the future if they wish, but the terms of the agreement are now

settled.

The populations of the 16 Forum countries range from Australia's 25 million to Niue's 2,000. Only three countries number their people in millions: New Zealand, Papua New Guinea and Australia. The populations of 6 /16 countries are less than 20,000. The two countries absent from this agreement are the largest economies among the small Pacific Forum nations; Fiji is commonly called the 'hub' of the South Pacific. What will come of future relationships and interactions among these Pacific Island nations now that PACER-Plus does not encompass them all? It is a question that raises serious concerns.

Provisions of PACER-Plus presented by its advocates as advantageous to the small island nations are:

- countries will progressively remove tariffs over a very extended period of time;
- infant industries may be protected for 10 years, after which any country wanting to maintain protection must pay compensation to those affected by this decision;
- a country may take safeguarding measures against a surge of imports, when another country's excess production threatens their domestic industry;
- only those services which a country specifies as open to free trade are included

¹ Australia and New Zealand, by far the largest and most dominant, and 14 small Pacific Island nations: Cook Islands, Federated States of Micronesia, Fiji,

Kiribati, Nauru, Niue, Palau, Papua New Guinea (PNG), Republic of Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.

in the agreement (a 'positive list' approach);

- Aid for Trade will be available to assist small countries to increase and diversify exports;
- assistance will also be available to help them participate in seasonal work in Australia and New Zealand.

However, PACER-Plus has been opposed and severely criticised by many throughout the region concerned about its potential for damage to the small, vulnerable nations it is supposed to be helping. Two enthusiastic comments from the Trade Ministers of Australia and New Zealand after the Brisbane meeting confirm critics' alarm. Australian Steve Ciobo announced that PACER-Plus 'has the potential to reshape the economic fundamentals of the Pacific region'. Todd McLay (New Zealand) rejoiced that the agreement afforded 'good access for New Zealand companies to some of those markets'.

What is wrong with PACER – Plus?

The following criticisms come from civil society organisations, government officials, technical officers in regional organisations and even business people, representing a broad cross section of people from 22 Pacific Island countries. In brief:

- Tariffs are a key source of revenue for governments with little access to taxes. Their removal diminishes government capacity to provide essential services to their people (for example, in education, health care, environmental health, finances, communications, and transport). Removing tariffs and, at the same time, opening the economy to foreign service companies and foreign investment will shift control of services to foreign private enterprise and

reduce the power of governments to regulate. Taking health care as an example, these measures readily lead to the growth of high cost, private health services for those who can afford them and poor health outcomes for those who cannot.

- The protections provided for foreign investors limit the scope for governments to ensure that what is done is in the best interests of their people; and may expose governments to prohibitively expensive litigation when there is a dispute. This becomes a deterrent to government action.
- PACER-Plus threatens people's rights to such productive resources as land, water and seed, as well as the role of the state in providing these resources. It jeopardises the people's access to healthy food.
- The secrecy of negotiations has excluded civil society from the process. A Social Impact Assessment of PACER-Plus, based on high quality research, should have been made before commitment to the agreement. For example, women of the Pacific who are concentrated in poorly paid jobs or in small income-generating projects in the informal sector, are particularly vulnerable to the impacts of PACER- Plus.

There is more, quite a deal more, to justify opposition to PACER-Plus and there is a renewed campaign around the Pacific to try and dissuade governments from signing in June. Meanwhile, Australia and New Zealand trade officials are congratulating themselves on a 'successful achievement'.

Sources: Pacific Network on Globalisation (PANG), www.pang.org.au and PANG's Report: 'Defending Pacific Ways of Life: a Peoples Social Impact Assessment of PACER-Plus', June 2016. Written by Alison Healey.

IS GENETICALLY MANIPULATED (GM) CROP PRODUCTION STAGNATING?

In 2016, genetically manipulated (GM) crops grew on less than 13% of global cropland. Only 18 million broad-acre farmers grew GM commodities - just 3% of the world's 570 million growers.

Gene Ethics Director, Bob Phelps, notes that two countries that grew GM crops in 2015 planted none in 2016, reducing GM countries to 26, and that approximately 90% of all GM crops are grown in eight countries in North

and South America. In 2015, Burkina Faso grew 400,000 hectares of GM cotton but then banned it, because of the poor quality fibre it produced and the consequent damage done to the country's previously high reputation for quality. Romanian farmers imposed a national ban on GM maize in 2016.

‘Most GM crops (soy, corn, canola, cotton and sugar beet) still contain only the two GM crop traits first released in 1996 - Roundup weed killer tolerance and Bt insect toxins. More complex traits, such as drought and salt tolerance, nitrogen fixation in grains, more nutritious foods, higher yields, have been long promised but not delivered’, writes Phelps.

Most GM crops are sold for animal feed, biofuel production, or fibre, as few people willingly eat them. In fact, the largest food companies are responding to strong shopper demand for GM-free labelled foods and

ingredients in North America, driving a return to conventional varieties. GM advocates have reacted angrily, perceiving this shift as a threat to GM technology and its billion dollar industry.

GM seed companies are merging and cross-licensing their seeds and traits to stay viable. Soon three agrochemical and seed giants – Bayer / Monsanto, ChemChina / Syngenta and Dow / Dupont - will own over 70% of all commercial crop seed globally, including all GM varieties.

‘It's time to accept that genetically manipulated crops have stalled and to move on’, Bob Phelps concludes.

Sources: *Bob Phelps, Gene Ethics, 21 May 2017, www.geneethics.org; Megan Westgate, Non-GMO Project, in Huffington Post, 25 April 2017, www.huffingtonpost.com Compiled AH.*

NAFTA AND ITS GLOBAL IMPLICATIONS

On May 18, USA President, Donald Trump, formally announced he had begun the process of re-opening the North American Free Trade Agreement (NAFTA) to revision. This is the trade agreement which the USA, Canada and Mexico signed in 1994. Within ninety days after this announcement, he will go ahead with negotiations to establish his ‘America First’ trade agenda. Trump intends to negotiate through this lens, including areas not previously considered in NAFTA.

Some aspects of NAFTA affect all of us, wherever we live in the world. Chief among them is Chapter Eleven. Here we find the provision called Investor State Dispute Settlement (ISDS) that allows corporations to sue governments, ‘over any policy, law or regulation that impedes their profits, even if its purpose is to protect people’s health or the environment’

There are over 3,500 ISDS cases around the world. Some examples of these are:

- Argentina has been ordered to pay the French water utility giant, Suez, US\$405 million;
- Estonia is facing a US \$140 million lawsuit filed by United Utilities, based in the United Kingdom, because it has placed a limit on water rate increases;
- Slovakia is being sued for US \$100 million for refusing to allow a bulk water export pipe-line to a factory in Poland;
- El Salvador paid over US \$24 million in legal costs to defend against a lawsuit brought by an Australian company when it refused a mining permit over water concerns, and
- Panama is being sued for US \$268 million by an American company for refusing to ex-tend mining rights on a newly created reserve.

Mining companies sue for the largest penalties when they can't have their way in a country. Romania is being sued for US \$4 billion by a Canadian gold mining company in a dispute over a lake that has been contaminated by

cyanide; and there are larger fines than this imposed on Latin American countries for standing up to mining companies.

Water

Water is one of the most vulnerable resources under the regime of trade agreements. Once water is used in a product or service, e.g., as a beverage, or for hydroelectricity, or in municipal water systems or in industry, it becomes a 'tradeable good', subject to international trade law. Under World Trade Organization rules, no country can impose any 'prohibition or restriction' on the export of a tradeable good. Maude Barlow of the Council of Canadians, one of the best authorities on water, has said: 'Modern free trade and investment agreements impede the ability of governments to maintain environmental laws and regulations to protect their water'.

Modern trade agreements include 'standstill' and 'ratchet' clauses that lock governments into an equal or greater level of privatization than exists when the agreements are signed. Yet, studies show that private water utilities cut jobs and services, avoid pollution rules and raise water rates. A 2016 survey of 500 USA communities found that private water systems charge 58% more than public ones. The global annual market for water will be worth just under \$300 billion by 2020. Trade agreements help large multinational corporations to lock in these profits and take away the ability of governments to protect public water. This is why more than 3.5 million Europeans signed a petition against the Comprehensive Economic and Trade Agreement (CETA) with Canada and the Transatlantic Trade and Investment Partnership (TTIP) with the USA in the hope

of stopping these agreements before they came into existence.

In a media release on 4th May this year, Maude Barlow described three ways that free trade agreements endanger water: commodifying water as a 'tradeable good'; treating water as a 'service' and so promoting the privatization of water services, and treating water as an 'investment' subject to the clauses in these agreements that let corporations challenge water protection laws.

Barlow stated that the World Health Organization recently issued a dire warning that two billion people are drinking contaminated water and highlighted how this crisis could be made even worse if deals like NAFTA, CETA and TTIP and the free trade model as a whole are not abandoned once and for all.

On a more hopeful note Barlow states: 'The backlash against ISDS provisions in the new generation of trade and investment agreements is growing, and not just among civil society. Many countries including South Africa, India, Bolivia, Brazil, Malaysia and Australia have either rejected ISDS outright or have expressed serious reservations about it'. Don't count on Donald Trump to reject it. And Canadians will have their hands full convincing Trudeau that the ISDS needs to be dropped from NAFTA.

Source: Council of Canadians, 'Water for Sale: How Free Trade Agreements and Investment Agreements threaten environmental protection of water and promote the commodification of the world's water. <https://canadians.org/wfs>) Written by Mary Boyd.

Have courage for the great sorrows of life and patience for the small ones; and when you have laboriously accomplished your daily task, go to sleep in peace. God is awake.

Victor Hugo

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

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