

Australia loses under FTA: report

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Mickey Mouse will be \$450 million better off but Australia will be \$50 billion in the red due to a free trade deal with the United States, a new report has found.

Compiled by the National Institute of Economic and Industry Research (NIEIR) for the Australian Manufacturing Workers' Union, the report found Australia would effectively surrender its chances to expand into knowledge-based industries under the trade deal.

It said a federal government commissioned study of the agreement, which found it would boost the Australian economy by more than \$6 billion a year, was out of touch with reality.

The study and the concerns of unions were raised at a Senate hearing into the trade agreement which both countries hope to bring into operation from January 1 next year.

The US Congress is likely to vote on the deal next month. Federal parliament is set to deal with several pieces of legislation in coming months.

The NIEIR study found the deal could cost Australia around \$52 billion within two decades, largely due to Australian governments surrendering their control of key policy decisions.

This would be most felt in knowledge-based industries, with American companies likely to overwhelm their small Australian opposition, wipe out competition, withdraw domestic investment and take profits offshore, it said.

"The US is a first class knowledge-based economy. Australia is not," the report found.

"The loss of sovereignty provisions in the agreement will probably ensure that Australia will never become a knowledge-intensive economy.

"If all Australian governments sign up for the deal then there is a high risk that Australia could be locked into a return to its pastoral origins; a return to an economy almost totally reliant on its natural resource base."

The study also put a cost to the proposed changes in copyright laws in Australia, that will extend copyright protection by 20 years, in line with the US.

The NIEIR found this change would benefit the Disney Corporation, which has pushed the copyright extension in the US, at a \$450 million cost to the Australian public.

The study found the government's research did not take into account the impact on policymakers of the restrictions imposed by the agreement.

Changes in the copyright, pharmaceutical and knowledge-based areas, and restrictions on the ability of Australian governments to act in the country's best interests, all meant the deal was not in the national interest.

It found the average loss of jobs would be around 57,000, but in a worst-case scenario, the NIEIR warned, it could rise to 195,000.

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