

U.S. Australia trade pact may have environmental costs

WASHINGTON, DC, February 11, 2004 (ENS): The United States and Australia have concluded a comprehensive free trade agreement, United States Trade Representative Robert Zoellick and Australian Trade Minister Mark Vaile announced Sunday. They both called the agreement historic and said it would benefit both economies without damaging the environment. But critics say Australian tuna stocks and American family livestock producers will suffer if the agreement is ratified by both governments, as expected.

Australia is a major trade and investment partner for the United States, with two way annual goods and services trade of approximately \$28 billion and two-way foreign direct investment of \$60 billion.

"This is a great day for the peoples of two countries with a long history of friendship and partnership," Zoellick said.

Australian Trade Minister Mark Vaile said Sunday, "This is about delivering opportunities for exporters and business people on both sides to further enhance a relationship which is Australia's largest trade relationship. It certainly will deliver those enormous opportunities into the future to participate in the world's largest and most dynamic economy, equalling I think about one third of global GDP."

The Australia-U.S. Free Trade Agreement (AUSFTA) will not take effect until both Parties have completed their respective domestic approval processes, amended and/or passed any necessary legislation, and agreed on a date for entry into force.

Zoellick said that during the negotiations, he and his team consulted closely with members of the U.S. Congress. "We have a strong partnership with them and I'm pleased to say we've been encouraged by many members of Congress, Republicans and Democrats. We know that for some the sensitive issues of environment and labor have made it more difficult for them to support trade issues," Zoellick acknowledged.

"We hope that will not be an impediment," said Zoellick.

No specific environmental provisions are spelled out in the AUSFTA. The Parties have agreed not to fail to enforce their own environmental and labor laws in a manner that would affect trade between them. And both Parties retain the right to establish their own domestic environmental and labor standards, and to adapt or modify their own laws.

First proposed in 1992, the AUSFTA is the first free trade agreement between the United States and a developed country since the U.S.-Canada Free Trade Agreement in 1988.

Under the agreement, a wide range of tariffs and other trade barriers will be eliminated or reduced. The AUSFTA will be of particular benefit to U.S. manufacturers, Zoellick said. "This is the most significant immediate cut in industrial tariffs ever achieved in a U.S. free trade agreement," he said, "and manufacturers are the big winners." More than 99 percent of U.S. manufactured exports to Australia will immediately become duty free when the agreement enters into force. Manufactured goods account for 93 percent of U.S. exports to Australia.

The agreement also provides for immediate duty-free access for all U.S. agricultural exports to Australia, totaling more than \$400 million, including fruits, vegetables, and processed foods. The agreement will also address inspection procedures that have posed barriers in the past.

The agreement uses tariff-rate quotas in ways calculated to address concerns of U.S. beef and dairy farmers.

U.S. above quota duties will be phased out over an 18 year period, and initial increased imports from Australia will amount to a small percentage of annual U.S. beef production - about 0.17 percent - and just 1.6 percent of annual U.S. beef imports.

No quota increases will take effect until the Australian ban on U.S. beef exports is lifted, or three years after effective date of the agreement, whichever comes first. The ban was imposed in December 2003 after a cow infected

with bovine spongiform encephalopathy (BSE), known as mad cow disease, was discovered in a Washington state dairy herd.

But a U.S. network of 48 grassroots organizations representing farmers, ranchers, and consumers from seven states says the AUSFTA increases the power of the largest meat packers at the expense of the small farmers and ranchers. Gilles Stockton, a rancher from Grass Range, Montana who speaks for the Western Organization of Resource Councils (WORC), says the trade agreement has three serious flaws.

"First, this agreement will put many family livestock producers out of business," he said. "Second, it gives even more economic power to multi-national corporations. Finally, the process is blatantly undemocratic."

Although cattle ranching is one of the most affected industries in the trade agreement with Australia, the U.S. trade negotiators never consulted with the American cattle producers.

"The U.S. Trade Representative negotiated away the future of American agriculture without any input from family farmers and ranchers like me," Stockton said. "That's blatantly undemocratic."

Three packers control and pack more than 80 percent of all beef in the United States. The agreement increases concentration because Swift and Co., the second largest meat packer and procurer of beef in the U.S. is also Australia's largest meat packer, Stockton explained.

The Grocery Manufacturers of America (GMA) Tuesday said it could not support the AUSFTA because the agreement is not free enough. The world's largest association of food, beverage and consumer product companies said the agreement is disappointing because it includes no increases of U.S. imports for Australian grown sugar and only minimal increases for beef and dairy products.

"GMA has consistently supported the Bush administration's policy of negotiating no exclusions trade pacts, and we are extremely disappointed that the administration has strayed from this policy," said GMA Director of International Trade Sarah Thorn.

"Exempting certain commodities from increased trade opportunities severely limits the positive impact of free trade agreements and will undermine the ability of the United States to establish comprehensive agreements with other trading partners."

Australia's tuna exporters are one of the winners of the free trade agreement, but the Humane Society International (HSI) is critical of the agreement, pointing out that Australia's domestic tuna stocks will experience increased fishing pressure as a result.

The scrapping of a 35 percent tariff on canned tuna exported to the United States will put further pressure on Australia's remaining tuna stocks and the ecosystems in which they live, says Averil Bones, HSI's wildlife campaigner.

Southern bluefin tuna is recognized as critically endangered by the IUCN-World Conservation Union.

Concerns have been raised over the status of important stocks targeted by Australia's east coast longline fleets. Yellowfin and bigeye tuna are recognized by the Australian government's Bureau of Rural Sciences as "fully-fished" in the Western and Central Pacific where catches peaked in 1998, and "uncertain" in the Australian east-coast fishing zone.

Australia's southern and western longline fleets target bigeye tuna, recognized as "overfished" in the Indian Ocean, and yellowfin, recognized as "fully-fished."

"Any further expansion within Australia's tuna fisheries must be avoided to limit impacts of the collapse in global pelagic and migratory fish stocks. Even fishing at current levels, our limited tuna resources are stretched to their limits," said Bones.

Over 70 species of fish and 30 other marine species are taken as bycatch and byproduct by Australia's longliners, and the society is concerned "not only for fish stocks, but for the seabirds, turtles and sharks incidentally taken in Australia's fishing activities," Bones said.

"We call on fishers to put those extra dollars they receive from the tariff cuts into ensuring the highest possible ecological standards are achieved and maintained across Australian fleets," she said.

The Humane Society is asking that Australian Fisheries Minister Senator Ian Macdonald provide an environmental assessment of the ecological effects of tariff removal under the AUSFTA, and to ensure Australia implements and finalizes all possible measures to ensure exports of tuna are seabird, shark and turtle friendly.

Australia is a major trade and investment partner of the United States, and in 2002 was America's 13th largest export market for goods, and the 9th largest if the European Union countries are considered as one destination.

Two way annual goods and services trade is approximately US\$28 billion, and two way foreign direct investment is \$60 billion. Australia purchases more goods from the United States than from any other country, and the U.S. enjoys a bilateral goods and services trade surplus of \$9 billion.

Australia is a key export market for U.S. manufacturing sectors such as aircraft, autos and auto parts, machinery, computers and electronic products, chemicals, and wood and paper products.

Each of the 50 U.S. states exports to Australia, and Australia is among the top 25 export destinations for 48 of the 50 states. The leading states exporting to Australia are Washington, California, Illinois, Texas, Michigan, New York, Ohio, Pennsylvania, and Florida.

"As far as we're concerned," said Australian Trade Minister Vaile, "the achievement of the ability to be able to open up markets as far as our manufacturing sector is concerned is very, very important. About 99 percent of Australia's manufactured goods will be able to access the U.S. market duty free.

The services sector, the IT sector, and intellectual property arrangements, are important to Australia, said Vaile, but agriculture is perhaps the most important sector. "We're seeing significant opportunities open up across the board for agriculture into this important market."

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