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U.S. Wheat Associates Oppose Australia FTA

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The U.S. and Australia agreed to a new Free Trade Agreement earlier this month but, despite two years of strong urging by the U.S. wheat industry, the FTA leaves intact the trade distorting monopoly practices exercised by the AWB, formerly the Australian Wheat Board. After learning of the agreement, the leaders of U.S. Wheat Associates expressed disappointment that the FTA did not address the inequities inherent in the AWB monopoly, according to a USW press release.

"Regretfully, USW has no choice but to oppose this FTA," said USW chairman Alan Lee. "If we cannot solve trade issues in a free trade agreement, and if the FTA partner continues with unfair trade practices, harming the financial well-being of wheat producers, then the FTA should be defeated and negotiators should go back to the table."

Last week the White House formally notified Congress that the U.S. intends to enter into the FTA, which started the 90-day Congressional clock during which legislators will hold hearings and will ultimately vote the agreement up or down, without amendment.

"Negotiators made the same mistake when the U.S. signed the original free trade agreement with Canada, and American wheat producers are still subject to the unfair trading practices of the monopoly up north," Lee said. "Again, U.S. negotiators missed the opportunity to correct the trade distortions as practiced by export monopolies."

While U.S. negotiators were unsuccessful in eliminating the monopoly control of wheat sales from Australia, they appeared to momentarily gain a commitment that reverses Australia's opposition to the reform of state trading entities in the World Trade Organization negotiations on agriculture.

Although the exact language of the FTA was not available, the USTR fact sheet indicated that "in response to U.S. concerns about Australia's agricultural state trading enterprises, Australia committed to working with the U.S. in the ongoing WTO negotiations on agriculture to develop export competition disciplines that eliminate restrictions on the right of entities to export."

While one U.S. wheat industry organization praised the commitment reversing Australia's opposition to a reform of its monopoly, stating that "Australia's reversal of their position in the WTO leaves the Canadian Wheat Board standing alone in defense of state trading distortions," the Australians were already backing away from the concession. The ink wasn't even dry on the agreement when Australian Agriculture Minister Warren Truss made a contrary pledge at a "single-desk summit" of wheat growers in Canberra.

"In any negotiations we have with the U.S. on the future of the wheat export single desk, the Government will continue to strenuously argue that Australia's wheat export arrangements are fair, they're transparent and they're non-trade distorting," Truss reportedly vowed. According to Australian media reports, Truss insisted the trade talks had ended "without any concessions" on single desks. Lee was not surprised that the Australians took less than 24 hours to back away from its commitment.

"The question remains: If our issue was shunted aside for the "bigger picture" in this FTA, what does that realistically mean for the WTO, where even bigger issues are on the table?" he asked.

USW's long-held FTA position was formally conveyed to USTR in April 2001, when USW president Alan Tracy wrote that in order to have free trade the Australians "must open themselves to fair competition with the U.S." and that "the wheat export monopoly of the Australian Wheat Board must be removed."