

Trade Justice Fact Sheet

- Trade Justice is a movement which seeks to improve terms of trade for poorer countries through negotiations with the World Trade Organization.
- Trade Justice includes a push for both Fair Trade and Free Trade (but in a way which advantages developing countries).
- Trade has become a widely debated topic because of the economic climate we live in: a capitalist, neo-liberal society in the midst of a Global Financial Crisis.
- Trade has never maintained a balance between First World countries and developing countries, and now, as times get tough, countries and continents with great influence (America, Europe, China and Australia) are stipulating trade terms to ensure their own economies are stabilized.
- More than 50 developing countries rely on less than three primary commodities for more than half of their export earnings. These commodities receive extremely low prices, leaving producers and agricultural farmers in a vulnerable position.
- Producers of these primary commodities receive a *very* small share in the final value of the product, due to trade barriers such as escalating tariffs. Whilst free trade would remove such barriers, it would also allow developed countries a place in a variety of markets, increasing the competition for developing countries that rely on this income.
- An example of this is found in the world's second biggest commodity, coffee. In the last 10 years, the world's 25 million coffee farmers received less than 1% of the price of a cup of coffee sold in a café.
- Employment in developing countries is often controlled by Transnational Corporations, which means that workers are often far removed from their 'employer' and thus many are not in a position to negotiate adequate wages and working conditions.
- The Millennium Development Goals (MDG's) are a set of 8 development goals that were established in 2000 and agreed upon by 192 states and 23 international organisations to be achieved by 2015. Goal 8, Target 12 of the MDG's aims to "develop further an open, rule-based predictable, non-discriminatory trading and financial system." Simply, this means that international trade must be reformed for any chance of human development (especially in developing countries).

PACIFIC TRADE: Trading away women rights?

Australia, New Zealand and Pacific Island member states of the Pacific Islands Forum are preparing to negotiate a regional free trade agreement, under the Pacific Agreement on Closer Economic Relations (PACER). The proposed trade agreement, dubbed PACER-Plus, aims to liberalise trade in goods and services and reduce trade barriers (like tariffs or import duties).

But for trade outcomes to contribute to sustainable social and economic benefits for everyone, trade negotiators need to understand the different impacts of trade policy choices on women and men. As governments negotiate PACER-Plus, they must ensure that women and men are equally consulted to determine appropriate development options for the region. Trade policy should not be exempt from the commitments made by all governments in the region to progress gender equality.

Trade and gender equality

Why? Trade policy choices will affect Pacific women and men differently because they play different social and economic roles, and because pervasive gender-based discrimination marginalises women from many aspects of social and economic life. Without effective gender analysis of trade policy options, PACER Plus negotiations will be based on a partial understanding of the current economic and social context. There is a danger that modelling of social impacts from a free trade agreement will ignore gender issues, resulting in missed opportunities, gender inequitable outcomes, and inefficient and ineffective economic policy.

What? A key challenge for Pacific Island Forum governments will be to ensure that PACER-Plus negotiations are informed by the different views and development aspirations of women and men. The differential impacts of trade on women and men must be analysed and systematically factored into decision making.

Overview

Pacific Island countries (PICs) are preparing to negotiate a regional free trade agreement (FTA) with Australia and New Zealand, known as PACER-Plus.

This trade agreement will impact women and men in very different ways because they are differently integrated into formal and informal economies. In many Pacific countries, men dominate well-paid jobs, management positions and entrepreneurial activities.

Pacific women experience multiple inequalities that influence their participation in social and economic life, including limited access to and control of economic resources (i.e. land, credit), education, information, and decision-making rights.

Even so, they are largely responsible for the vital unpaid subsistence farming and care-giving that underpin economic and social activity. In Fiji, for example, women receive only 27% of all income available, despite undertaken 52% of all work (paid and unpaid) in the economy.

Traditional economic and trade policy is gender blind and yet the impacts are not. Trade policy does not recognise gender-based barriers to trade or the social impacts of trade agreements. Even though unpaid

labour contributions of women and men are central to Pacific economies, traditional trade analysis usually misses this key input. If policy makers ignore unpaid work, they are underestimating the amount of time people spend in productive activities – for this reason trade negotiators and governments can make inaccurate assumptions about the availability of people, in particular women, to undertake more paid work – at home or overseas.

If Pacific Island, Australian and New Zealand governments are to make policy choices that are effective, sustainable and contribute to outcomes that meet the needs of both women and men, they must take active steps to engage both women and men in meaningful consultations on regional development options.

Governments also need to systematically integrate gender into trade analyses and approaches to negotiation. Regional economic policy needs to be aligned with regional and national gender equality commitments to contribute to equitable development. Failure to integrate gender into economic policy may result in women being disproportionately excluded from economic opportunities created by liberalising trade. At the same time women will carry an unequal burden of trade adjustment costs, exacerbating prevailing gender inequalities.

Sectoral issues and opportunities

Employment opportunities in fisheries

The fisheries sector in the Pacific Islands generated \$4.3 million in exports to ANZ in 2005 and has been identified as a potential area for export-led growth in the PACER Plus negotiations.

Formal employment in the fisheries sector is segmented along gender lines: men can access skilled jobs on foreign fishing vessels, while women are concentrated in low-skilled, low-paid work in foreign-owned processing plants. The importance of Pacific fisheries in supplying world fish demand effectively guarantees jobs for local skilled fishermen. However, women's jobs in canneries and fish processing factories are less stable, as foreign companies search for the lowest cost workforce to maintain competitiveness. The potential for investors to relocate for lower operating costs puts considerable pressure on governments to maintain low minimum wages, and is a disincentive to improving work conditions and addressing women's employment rights and needs.

In May 2009, Chicken of the Sea, a Thai-owned export-oriented tuna cannery in American Samoa announced that it will close in September 2009, putting between 1,000 and 1,500 workers out a job. The company is one of the US territory's two canneries that form the backbone of the private sector economy (80%), and employ 34% of the labour force. The majority of employees are women from Samoa, working at the canneries for a wage of US\$3.76 an hour. The closure has been attributed to a planned increase in the country's minimum hourly wage rate, ostensibly reducing company profitability. Women working in this sector are likely to have limited education, skills and training, and will have limited opportunities to access alternative employment in higher paid, more stable sectors.

Recommendation 1: Pacific governments need to complement trade arrangements with policies that enable both women and men to access decent work. If fisheries trade is to provide long-term employment opportunities for women and men, governments also need to invest in genuine training and skill development for women and men, and ensure equal pay for equal work.

Sustainability, subsistence fishing and trade

Semi-subsistence fishing activities, undertaken predominantly by women, currently supply 80% of Pacific Islander demand for fin fish, and contribute substantially to community protein intake. Subsistence fishing activities have traditionally taken place in inshore

locations, close to communities, and have not competed with export-oriented offshore fishing. However in recent years the balance between subsistence and export-oriented fishing has been under increasing strain. This is largely due to the depletion of offshore fisheries and increasing worldwide demand for fish, leading offshore fishers to diversify into inshore fish stock. Fisheries authorities face considerable barriers to monitoring catch sizes, and ensuring the sustainability of fisheries resources in the face of strong demand is challenging.

Women have limited formal power to promote subsistence fishing and protect inshore fisheries. While they have considerable knowledge and skill in inshore fishing, women are often excluded from decision making on fisheries resources and land and sea use. Increasingly, decisions at community level are preferencing individual income aspirations over the food security needs of the whole community, with direct impacts on women's labour. By reallocating inshore fishing grounds to export-oriented fishing activities, land owners are forcing women to walk longer distances to obtain food for their families. Women cannot guarantee that male family members will use cash earned from export fishing to purchase food supplies.

Increased investment in commercial fishing for export through a PACER-Plus trade agreement will increase pressure on the region's fragile ecosystems, and marginalise women's semi-subsistence fishing activities, negatively affecting food security, community protein intake and women's time burden.

Recommendation 2: Analysis of the benefits and challenges of export fisheries development through PACER-Plus needs to factor in the gendered impacts of fisheries policy on women's labour and time, subsistence activities and community well-being. To be sustainable, policy choices will need to balance economic growth, protein intake, ecological sustainability and food security needs, while enabling women to be part of land-use decision making.

Gender issues in forestry sector development

Through PACER-Plus, the forestry sectors in Papua New Guinea, Vanuatu and Solomon Islands have been earmarked as an area for investment growth from Australia and New Zealand. But there are already serious concerns about the sustainability of current logging practices and the ability of Pacific Island governments to regulate forestry activities, the loss of community livelihoods, environmental degradation and the sexual abuse and violence associated with logging camps.¹

¹ Tania Herbert: *Commercial Sexual Exploitation of Children in the Solomon Islands: A Report Focusing on the Presence of the Logging Industry in a Remote Region* (Christian Care Centre, Church of Melanesia, Solomon Islands, July 2007).

The Pacific logging industry is largely run by foreign companies using foreign labour, with some limited employment opportunities for male community members. Payments for logging rights are often negotiated by and paid to a small number of male community members, despite communal ownership of land. In many cases "...logging operations damage the very fabric of village society, leaving behind divided and demoralised communities."²

Despite having experience in forestry management and extensive knowledge of forest products, women are excluded from economic activities and decision-making processes around land-use. "Before, men consulted women about land use. Now when logging is in operation they ignore women. The men no longer consult with the women or seek their consent for logging operations, they leave out women from negotiations, timber hearings and other important decision making meetings."³

Many have attributed the women's loss of influence to the influx of money into communities: "Before logging, women were strong with the land....we were consulted and our collective needs respected. Now with money and development, the men make decisions without us and there is less respect for the Chiefs. There are now many land disputes, there is violence and our land is being destroyed"⁴.

This marginalisation has devastating impacts on women and children alike, not least because it has resulted in the exploitation of natural resources and a loss of forestry resources available for the livelihoods for women and their families. The presence of logging camps and foreign nationals in rural communities has seen an increase in child prostitution, rape, forced marriage, unwanted pregnancies, substance abuse, tribal conflict, land disputes, suicide and community exclusion.

Recommendation 3: Given the existing difficulties in regulating and managing forestry activities, and the gendered social costs of logging in the Pacific, governments will need to carefully assess whether forestry activities can be part of a sustainable and equitable pathway to development. At minimum, governments will need to address the significant limitations of current governance mechanisms; enable more inclusive decision-making regarding land use that gives women a voice; establish pathways for equitable distribution of income and employment opportunities;

² Jim Fingleton in Regina Scheyvens. *Sustaining women whilst sustaining the land? Engendering eco-timber production in the Solomon Islands*, Working Paper #262 Women in International Development, August 1997, p3.

³ Community member cited in Ruth Maetala: *Matriilineal Land Tenures Systems in the Solomon Islands: The case of Guadalcanal, Makira and Isabel Provinces*, Pacific Islands Forum Secretariat: *Land and Women: The Matriilineal Factor* (PIFS, Suva 2008), p52.

⁴ Gabrielle Halcrow: 'Inclusive and sustainable natural resource management' *IWDA News*, Issue 76, 2009

and protect women's rights to safety and security and land ownership.

Tourism

The tourism sector provides job opportunities for women and men in the Pacific, with women dominating low-paid service provision roles and the infant home-based handicraft industry.

Handicraft production is a potential value-added export available for women requiring flexible home-based work to meet their other needs. However, a number of hurdles exist in creating sustainable income opportunities, such as lack of access to credit, problems registering businesses and accessing licenses and women's lack of land rights in many islands.

Five women's marketplaces in Honiara have been reclaimed in recent years and redistributed to foreign business developers and large scale operators. This suggests a preference for external investors over support for building a local women-led handicraft industry. Liberalising trade will not support the development of a local handicraft industry unless specific steps are taken to overcome gender-based barriers to licensing, credit provision, setting up a business and accessing secure market sites.

Growth in paid employment opportunities for women can also exacerbate tension between women's unpaid and paid work responsibilities given the gendered division of labour within households. Unless efforts are made to address the wider gender inequalities that shape women's lives, it cannot be assumed that increased formal employment opportunities will translate into improvements in overall well-being or wider empowerment. When women have little or no control over how household income is spent, paid work is simply added to their existing unpaid workload. Paid employment is unlikely to be a liberating experience while women face barriers to acquiring economic resources such as land due to restrictive cultural and legal frameworks.

Recommendation 4: In considering strategies to create jobs for women and men in the tourism sector, governments need to recognise that women are economic actors. There is a need to explore options that expand the labour market, increase both female and male employment, take steps to narrow the wage gap between women and men, and address current gender-based labour market segmentation.

Manufacturing

The manufacturing sector in the Pacific currently faces many barriers to sustainability including the high costs of imported inputs, small production capacities and, in the

case of the textile industry, the focus on cost-driven labour-intensive, low-skill, and low-technology production. Lowering tariffs through PACER-Plus will further limit options for growth in larger-scale manufacturing. Economists are promoting the development of small-scale niche product industries as an alternative.

As women comprise much of the current labour force in export-oriented manufacturing operations, they will bear the brunt of production closures. In Fiji, 4,500-5,000 women are currently employed in the inefficient textile industry. Their income is estimated to effect as many as 25,000 people. The proposed reduction of tariffs through PACER-Plus and the influx of cheaper Australian and New Zealand products will likely result in factory closures and very significant job losses, most of which will be jobs currently held by women.

Fiji's sugar industry is also predicted to collapse as a result of changes associated with the proposed PACER-Plus trade agreement and the EU Economic Partnership Agreement (EPA). This would see the potential loss of 200,000 manufacturing and related services jobs, the majority of which are held by women from lower-income families.

Low wages, long work hours, ongoing household obligations, and lack of subsidised child care make it difficult for women to train or upgrade their skills in anticipation of these changes.

Recommendation 5: Given that a large proportion of the workers in the region's textile and food processing sectors are women from low-income families, specific mitigating actions will be needed if governments are to avoid women bearing the brunt of the economic adjustments associated with PACER-Plus.

Summary

It is clear that many development initiatives in the Pacific have not worked for Pacific women.

Gender inequality remains pervasive, women experience high rates of violence, maternal mortality rates are increasing in some countries, and women remain absent from decision making in many national parliaments.

In this context of prevailing gender disparities, where women and men have quite different - and differently valued - roles and responsibilities, gender analysis of trade policy is not an optional extra.

It is integral to achieving effective policy outcomes and maximising opportunities and benefits for women and

men in the Pacific. A systematic gender analysis of the projected benefits and impacts of the PACER-Plus trade provisions is essential for sound policy and should be a pre-requisite for detailed trade negotiations.

Trade policy development also needs to be complemented by social policy initiatives that recognise that women are likely to bear the brunt of adjustments associated with structural economic change, and they face substantial barriers to accessing new opportunities.

An inclusive approach to the region's future development that addresses the legacy of past initiatives and contributes to sustainable outcomes will require input from diverse voices in civil society, faith groups, and government.

In particular, Pacific women need to be meaningfully engaged alongside men in national and regional dialogue to identify economic and trade policy options that will promote women and men's equal economic rights and opportunities, improve gender equality and meet health, food security, safety and economic needs. The voices of a diverse range of women and men need to be heard and respected by all governments party to PACER-Plus negotiations.

No government has a right to trade away women's rights and futures.

Find out more:

SPC Women in Fisheries Bulletins (available online): <http://www.spc.int/coastfish/News/WIF/wif.htm>

Pacific Islands Forum Secretariat: Land and Women - the Matrilineal Factor (PIFS, Suva, 2008).

Anna Hutchens: *Women in Business in Solomon Islands; key findings from the April 2008 scoping mission* (AusAID, Canberra 2008).

This fact sheet, written by Claire Rowland of the International Women's Development Agency (IWDA), is the fourth in a series produced by the Australian Civil Society Network on Pacific Trade, which links unions, churches and non government organisations. For further information, contact the network at pacifictrade@gmail.com

PACIFIC TRADE: Health services

Everyone has a right to better health and appropriate health care. Around the Pacific islands region, governments should provide services for the immediate and long-term care of citizens (through vaccine programs, public health efforts against malaria or dengue, safe housing, clean water supply, hospitals and health clinics and other services). But access to an essential service like health is affected by the trade policies of your government.

Australia, New Zealand and island member states of the Pacific Islands Forum are preparing to negotiate a regional free trade agreement, under the Pacific Agreement on Closer Economic Relations (PACER). Trade agreements like PACER-Plus focus not only on trade in manufactured or agricultural goods, but also trade in services like health or education. What will this agreement mean for people living in the region, when it comes to your health?

Why? A key issue for the PACER-Plus trade negotiations will be whether Pacific island governments can ensure that all citizens have adequate and equitable access to health care. Governments must not trade away control of key service sectors including health, education, land, tourism and intellectual property.

Who? International trade agreements like the WTO General Agreement on Trade in Services (GATS) include labour mobility as a service, calling it “the temporary movement of natural persons”. Including labour mobility as a service in free trade agreements will affect the number of skilled health workers who leave their country to work overseas, through temporary labour mobility programs as well as permanent migration.

Where? Developed countries like Australia and New Zealand have shortages of trained health professionals like doctors and nurses. With increased labour mobility, Pacific countries can lose their skilled health workers overseas.

Better health is central to human happiness and well-being. It also makes an important contribution to economic development, as healthy populations live longer, are more productive and save more. Many factors influence health status and a country's ability to provide quality health services. One key factor in ensuring that health services meet the needs of the people is whether the government can set the rules for the entire health system.

The provision and maintenance of health services is the overall responsibility of government. Governments should supply training of nurses and doctors as well as basic infrastructure like hospitals and clinics. Investment in roads, water supply and sanitation can improve access to health services. Health care advances are invariably products of government policy, regulation and action.

For this reason, all countries should guard against trade agreements that may undermine and restrict a democratically elected government's capacity to develop policies which are in the best interests of the people it serves.

Pacific island countries (PICs) are preparing for the negotiation of a regional free trade agreement (FTA) with Australia and New Zealand, known as PACER-Plus. This agreement aims to liberalise trade in goods and services, reduce trade barriers (like tariffs

or import duties), require governments to enter into binding and enforceable trade agreements and provide guarantees for overseas health providers (such as clinics, laboratories and health insurers).

How will trade affect public health services?

While the future benefits arising from PACER-Plus are uncertain, it is already clear that the trade agreement will restrict Pacific governments' ability to provide public services, including health care.

Pacific governments fund and provide the largest part of their country's health services (normally around 80 to 90%). Governments generally fund these public services through taxes and aid programs. But FTAs often reduce the ability of governments to raise revenue.

Recent reports such as a 2007 study by Nathan Associates for the Forum Secretariat found that some Pacific countries may lose tens of millions of dollars each year from the reduction of tariffs or import duties under agreements like PACER-Plus.

For example, Vanuatu stands to lose around 17% of its annual government revenue, as does Tonga, while Samoa and Kiribati stand to lose around 14% of their revenue. Even bigger countries like Fiji and PNG stand to lose more than \$10 million each year.

Trade and public health

Trade policy can clash with public health policies. Some FTAs allow countries to claim a trade restriction is necessary to protect human health. But countries must prove that no lesser measures are possible and that the regulations do not constitute a 'disguised restriction on international trade.' For this reason, Pacific governments will face significant pressure under PACER-Plus not to use health measures that will hinder Australian and New Zealand based exporters.

One example is attempts by Pacific governments to restrict imports of fatty meat, as part of public health campaigns against poor nutrition. Island nations are trying to combat increasing rates of diabetes, hypertension and other health impacts from obesity.

In its 2000 budget, the Fiji government led by then Prime Minister Mahendra Chaudhry imposed a ban on imported mutton flaps. The government issued a prohibition order under s.102 of the *Fair Trading Decree (1992)*, to address the health consequences of poor quality sheep meat imports. New Zealand threatened to take Fiji to the WTO disputes process, arguing that a ban on NZ products could be seen as effective trade discrimination in favour of the US, which also exports junk meat to Fiji. However, Pacific island nations do not have the human or financial resources to defend themselves in the WTO disputes process.

For those reasons, island governments cannot easily use trade bans or taxation policies to protect public health, as noted in a study in the *Bulletin of the World Health Organisation*: "Given recent initiatives towards trade liberalisation and the creation of the World Trade Organisation (WTO), tariffs or import bans may not serve as alternative measures to control consumption [of poor quality food]. This presents significant challenges to health policy-makers serving economically marginal populations and suggests that some population health concerns cannot be adequately addressed without awareness of the effects of global trade" (Evans et al. 2001, p856).

Privatisation

A principal goal of FTAs is to open up service sectors, including health care, to foreign competition. FTAs provide foreign firms with the same access and treatment as domestic firms and the government. Public services are subject to the trade agreements if people pay for the service or there is a private competitor - the kind of creeping privatisation being pushed by the Asian Development Bank (ADB). But while PACER-Plus will be used to promote free market competition in health-related services, it is

unlikely that private sector interests will provide the full range of affordable and accessible public health services that Pacific countries require, especially for rural populations.

Even where the private sector does invest in health care, it will only be those areas that deliver immediate and sustained profits. Such investment may have little concern for the health care needs of all members of the community, especially poor people living in the squatter settlements or villages. Overseas investors will prefer to provide services in the major urban centres, but will be less likely to invest in programs for the vast majority of people who live in outlying rural villages or outer islands.

Labour mobility

Labour mobility will be a key part of PACER-Plus, affecting health policy. Skilled health professionals are very mobile and move from country to country. Whether on a temporary or permanent basis, nurses, doctors and health technicians move in search of career opportunities, training, higher wages or better employment conditions.

There is an international shortage of nurses and other health professionals, with many developed countries scanning the globe for potential employees. For example, in 2006 there were 652 Pacific-born doctors working in Australia and New Zealand as well as 3,467 nurses and midwives from the Pacific.

While the benefits of remittances from overseas workers cannot be ignored, any increase in the "brain drain" of health professionals from Pacific countries to developed countries like Australia and New Zealand will worsen the shortages of health workers in the islands, with the consequent impact on the provision of care.

Find out more:

- Joel Negin: "Australia and New Zealand's contribution to Pacific Island worker brain drain", *Australia and New Zealand Journal of Public Health* 32 (6) 2008.
- John Connell: "The Migration of Skilled Health Workers; from the Pacific Islands to the World", *Asian and Pacific Migration Journal*, 13, 2004.
- M Evans et al: "Globalisation, Diet, and Health: an example from Tonga", *Bulletin of the World Health Organisation* 79 (9) 2001.

This fact sheet is the third in a series produced by the Australian Civil Society Network on Pacific Trade, which links unions, churches and non government organisations. For further information, contact the network at pacifctrade@gmail.com

PACIFIC TRADE: PACER-Plus trade agreement in the Pacific

Australia and New Zealand have long been encouraging neighbouring island governments to adopt greater trade liberalisation and to further integrate their economies into a single regional market. In August 2001, Pacific leaders met in Nauru and signed two regional trade agreements: the Pacific Islands Countries Trade Agreement (PICTA) and the Pacific Agreement on Closer Economic Relations (PACER).

PICTA promotes inter-island trade between Forum island countries, excluding Australia and New Zealand. PACER itself is not a free trade agreement - it simply sets out the framework for the negotiation of such an agreement between all member countries of the Pacific Islands Forum, including the two largest regional powers. But now, the governments of Australia and New Zealand are urging Pacific governments to actually begin negotiations for the regional free trade agreement, dubbed PACER-Plus. With the Australian government pushing to start negotiations in 2009, what will this mean for workers, community organisations and indigenous communities around the islands region?

Rushing to negotiations

The June 2009 Forum Trade Ministers Meeting, held in Apia Samoa, agreed to recommend to Forum leaders that negotiations on PACER-Plus should start soon after the August 2009 Forum leaders meeting. But this rush to start formal negotiations goes against an earlier timetable for negotiations mapped out by Pacific island governments. Pacific community groups are concerned that governments are rushing into negotiations on PACER-Plus without addressing a number of conditions:

Finish negotiations with the EU: The Pacific should have ceased trade negotiations with the European Union over an Economic Partnership Agreement (EPA) before starting on PACER-Plus. These EU-Pacific negotiations were supposed to be completed by December 2007, but are still underway. Only PNG and Fiji have initialled Interim EPAs, and the regional agreement is still a way off. With limited capacity to cope with complex trade deals and the Doha Round of global trade negotiations still unfinished, small Pacific governments have been urging caution before entering a new round of complex trade talks.

Establish and fund the office of the Chief Trade Advisor: Pacific governments want technical support for the PACER negotiations, and have proposed establishing an Office for a Chief Trade Advisor (OCTA), to be based in Vanuatu. But the office needs guaranteed funding and staffing before talks commence. Australia has offered some trade training and a limited amount of funding for the OCTA. However Australian officials have also resisted the

establishment of the Vanuatu-based office, and even argued that island nations should not seek funding from other donors to fund the office! Australia has pressed island nations to base the OCTA at the Forum Secretariat in Suva – where an Australian official is likely to take over the Economic Governance program.

With Australia training island negotiators and trying to limit the mandate and capacity of the OCTA, the independence of the office may be compromised: many Pacific officials believe that negotiations should wait until a regional office for a Chief Trade Advisor has been fully established.

National Consultations before the start of negotiations: Australia's Trade Minister Simon Crean, opening the February 2009 Trade officials meeting noted: "this process requires engagement right across the community: at the political level, with officials, and with civil society organisations in the Pacific, to ensure that all views are taken into account in an appropriate and effective way as PACER Plus proceeds."

But rushing into negotiations does not take account of the range of views of trade liberalisation in the community. Any 'trade' agreement which covers trade in goods, services and foreign investment must involve preparation with a range of business, community, union, church and other non-government partners. There is a particular need to look at the gendered impact of trade liberalisation in the Pacific, and the way that public sector reform and foreign investment in key industries will affect women's employment in the wage sector.

The Pacific island governments' Roadmap suggests that national consultations should be undertaken in each country before negotiations, to map out the range of issues that affect business, workers and the community sector. However Australia and New Zealand are pushing for negotiations to start before these consultations are properly underway.

Who benefits from increased trade?

Any regional free trade agreement that covers trade in goods, services and foreign investment needs detailed research studies on different sectors and industries that will be affected by greater trade liberalisation – yet very few studies have looked at specific industries or sectors that will come under PACER-Plus.

Australian Trade Minister Simon Crean has cited July 2008 research published by the Institute for International Trade in Adelaide, claiming a 30 per cent increase in regional trade under PACER-Plus. But this research did not say in which *direction* that increase in trade would be. As Pacific countries already have 'duty-free and quota-free' access to Australia and NZ markets for most of their products, it seems that much of this increase would be an increase in Australian and NZ exports to the Pacific, as tariff barriers and import duties are removed.

There is a pressing need to research whether PACER-Plus would provide increased market opportunities in Australia and New Zealand for agricultural products from the Pacific, or whether existing Rules of Origin and health and quarantine restrictions will continue to hamper Pacific exports (as with the current Australian bans on the importation of commercial quantities of kava, for "public health" reasons).

Trade in services

As negotiations have deadlocked with the WTO Doha Round, developed countries are seeking to advance their agenda on issues like investment and government procurement through regional trade negotiations. PACER-Plus will cover trade in services and intellectual property as well as goods, which means that a range of sectors will be affected: health, education, tourism, retail shops, land, traditional medicines and other issues.

Pacific governments want greater access for their workers to the Australian and NZ labour markets, and are willing to negotiate on services issues if labour mobility is included in the agreement. But in the unlikely event that Australia and New Zealand make binding commitments to allow in lower skilled workers, the growth of temporary and seasonal worker schemes raises important questions of labour rights and social impacts.

Questions over privatisation

There are real questions about whether donor policies on public sector reform and privatisation of essential services will benefit the poorer members of Pacific communities. AusAID research argues without evidence "the economic benefits of services liberalisation for low income consumers...are well documented generally" (Institute for International Trade, p10, No.34). But the decision to promote private sector control over public utilities across the Pacific is controversial, especially in small states where there is limited opportunity for competition between providers and limited regulatory capacity to ensure that private operators meet basic community obligations.

The policies advocated by AusAID, NZAID and the Asian Development Bank (ADB) raise real concerns about equity and economic justice. A 2009 AusAID-funded ADB paper on reform of State Owned Enterprises (SOEs) advocates the introduction of user-pays charges and full cost recovery for vital public services like water and electricity, which will disadvantage poor people in squatter settlements and villages around the region. Trade in services commitments would lock those in, so they can't be reversed in the future.

In the Pacific, community groups, churches and trade unions are beginning to debate the implications of PACER-Plus. In Australia and New Zealand, we can join in this debate, looking at the impact for our communities, and alternatives to the free trade model being promoted by governments and donors.

Find out more:

- Jane Kelsey: *A People's Guide to PACER: The Implications for the Pacific Islands of the Pacific Agreement on Closer Economic Relations (PACER)* (Suva: Pacific Network on Globalisation, 2004).
- Institute for International Trade (University of Adelaide). *Research Study on the Benefits, Challenges and Ways Forward for PACER Plus – Final Report* (Institute for International Trade, 2008).
- Nathan Associates. *Pacific Regional Trade and Economic Cooperation: Joint baseline and gap analysis*. (Nathan Associates, December 2007).

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PACIFIC TRADE: PICTA free trade agreement

In August 2001, Pacific leaders met in Nauru and signed two regional trade agreements: the Pacific Islands Countries Trade Agreement (PICTA) and the framework Pacific Agreement on Closer Economic Relations (PACER).

Australia and New Zealand have been encouraging neighbouring island governments to adopt greater trade liberalisation. But in 2001, Pacific governments were reluctant to fully open their economies to greater investment and trade from their two largest neighbours. So PICTA is a first stage before Forum member countries begin negotiations for PACER-Plus, a regional free trade agreement which will include Australia and New Zealand. Beyond trade in goods, PICTA is now being extended to cover trade in services, including labour mobility between island countries.

Pacific Islands Countries Trade Agreement (PICTA)

Who? PICTA includes the island countries which are members of the Pacific Islands Forum (PIF), but not the two largest Forum members, Australia and New Zealand.

When? Nine Forum Island Countries first signed on to PICTA in August 2001 (Cook Islands, Fiji, Kiribati, Nauru, Niue, Samoa, Tonga, Tuvalu and Vanuatu). The other Forum island countries joined between 2002 – 06 (Federated States of Micronesia, the Republic of the Marshall Islands, Republic of Palau, Papua New Guinea and Solomon Islands). Island nations that aren't full Forum members, like New Caledonia, are also studying whether to join PICTA. Ratification by six countries was needed for PICTA to come into force in 2003. The first four to ratify were Cook Islands, Fiji, Samoa, Tonga, then came Niue, Nauru, Kiribati and PNG. Vanuatu ratified in 2005 and Tuvalu in 2008.

What? PICTA requires island countries to gradually reduce tariffs (which are the taxes that governments charge on goods imported into the country from overseas). PICTA is now being expanded to cover not only trade in goods, but also trade in services (health, education, labour, tourism etc).

In line with the push for global trade liberalisation through the World Trade Organisation (WTO), Australia and New Zealand have been promoting free trade to their island neighbours through regional trade agreements.

Inter-island trade in the Pacific is relatively small, with most trade focused on countries of the Pacific Rim or Europe. But PICTA is seen as preparation for larger trade agreements with the major economic powers, in both goods and services.

By phasing out all barriers to trade (such as import tariffs, quotas which limit the amount of goods that can be imported, or licenses that require permission to import goods etc), most goods from other island countries could enter without restriction.

Under PICTA, developing island countries (such as Papua New Guinea and Fiji) must complete trade liberalisation by 2010, whilst the 'Least Developed Countries' and smaller island countries (Cook Islands, Kiribati, Nauru, Niue, Samoa, Solomon

Islands, Tuvalu, Vanuatu and Republic of Marshall Islands) have until 2012 to achieve this objective.

However most Pacific Island governments rely heavily on tariffs and import duties as a source of revenue. As governments remove tariffs, they must replace them with other taxes like Value Added Taxes (VAT).

If new taxes are added to basic goods that most people must purchase (cooking oil, flour, kerosene etc), this raises questions of equity and just development, particularly in countries where up to 80 per cent of the population are subsistence farmers whose income is derived largely from remittances or small-scale cash cropping.

Goods and services

Currently PICTA only covers trade in goods (food, fish, clothes, equipment, etc). Trade in tobacco and alcohol was initially excluded so governments could study the possible impacts on taxes and public health. There is also a provision under PICTA for countries to protect certain products considered to

be particularly sensitive, but this protection is only temporary and must be phased out. Even small shifts in trade patterns have caused problems for small island neighbours (such as a 2006 dispute between Fiji and Vanuatu over tariffs on biscuits).

By March 2009, eleven countries had ratified PICTA, but only six countries are already trading under the free trade agreement – Solomon Islands, Cook Islands, Fiji, Samoa, Vanuatu and Niue. Other countries, such as Kiribati, Nauru, Papua New Guinea, Tuvalu and Tonga, are in the process of completing their domestic requirements prior to announcing their trading under PICTA.

The Federated States of Micronesia are yet to ratify PICTA while Palau and the Republic of Marshall Islands are yet to make a decision on their accession to PICTA. The French territory of New Caledonia is investigating the option of joining the regional agreement.

Labour mobility

Even though the Pacific governments have been slow to embrace PICTA and there is limited evidence of its benefits, the agreement is now being extended to cover other areas.

In 2005, the Forum leaders' meeting agreed to extend PICTA, through "integration of trades in services, including temporary movement of labour". In March 2008, Pacific governments began negotiating the PICTA Protocol on Trade in Services (POTIS).

This includes the development of an inter-island labour mobility scheme known as "Temporary Movement of Natural Persons" (TMNP) program. This two-tiered scheme would allow professionals to move freely amongst Forum island countries while movement of trades and semi-skilled workers would be subject to a quota system.

In 2009, governments have been debating 'temporary' labour movement within the islands region, immigration quotas, the recognition of skills and qualifications and labour rights issues. These negotiations have fallen behind schedule as governments are nervous that they don't understand the implications.

Free trade or trade justice?

In April 2008, Duncan Kerr, Australia's Parliamentary Secretary for Pacific Islands Affairs argued:

"Trade is good. Open markets do matter. In the long term, it is trade more than development assistance

that will reduce poverty. Open trade opens doors. Making trade easier and removing excessive regulations can have enormous benefits.... More trade will result in economic growth in the Pacific and for its people. It will reduce dependency and lead to more prosperity and sustainability."

However NGOs and community groups in the Pacific are concerned that Pacific governments are coming under pressure to negotiate free trade agreements without adequate research, assessment, consultation with civil society and public education. They are critical of trade liberalisation agreements which:

- Restrict the rights of governments to regulate in the public interest, particularly to promote development and human rights
- Restrict development options
- Undermine public accountability for essential services like health and education
- Undermine the financial viability of government to deliver essential services and promote development and human rights
- Undermine the development of local business and employment
- Affect labour rights, especially in public sector

Find out more:

Jane Kelsey: *A People's Guide to PACER: The Implications for the Pacific Islands of the Pacific Agreement on Closer Economic Relations (PACER)* (Suva: Pacific Network on Globalisation, 2004).

John Connell: "Towards Free Trade in the Pacific? The Genesis of the Kava-Biscuit War between Fiji and Vanuatu", *Geographical Research*, No. 45, 2007.

This fact sheet is the first in a series produced by the Australian Civil Society Network on Pacific Trade, which links unions, churches and non government organisations. For further information, contact the network at pacifctrade@gmail.com

Why should the Uniting Church care about Trade Justice?

Why Us?

As Christians -

In John 10:10, Jesus proclaims that he “*came that they may have life, and have it abundantly*”. The call placed in our lives is to ensure all have opportunity to receive what Jesus promises.

As Consumers –

In 2008, Australia spent \$237.5 million (approx.) on retail alone. This highlights that we have great consumer power that is a powerful tool for promoting trade justice. Whilst international trade barriers can often make it difficult to become an ‘ethical consumer’, as the Trade Justice Paper points out, “*if the church is to take seriously the idea that it is to foster right relationships, it must consider the impact of its choices as a purchaser of goods and services.*”

Why the Pacific?

The Trade Justice Paper focuses particularly on the Pacific, but why should we be helping our neighbors who seem better off than developing countries throughout Africa, Asia and South America? The Paper points out, many countries in the Pacific are increasingly struggling to benefit from their exports as barriers to trade increase. Whilst these countries are not worse off than many countries in what we know as the ‘developing world’, as the world becomes more affected by the current financial crisis, export for countries that rely upon a scarce amount of commodities to generate their income are spiraling into debt. As the richest country in Oceania Australia is in the best position to work for good trade terms between our country and Pacific nations. Whilst PACER works to include these nations within the international economy, it is not working with the timeframe and conditions that would best help the development of our neighbors.

What should we do now?

It is our hope that the facts presented in this package have challenged you and encouraged you to participate in the trade justice movement. Advocacy is not always easy, so here are a few suggestions for what you can do from here, particularly at your church.

Awareness

- Give a 'Trade Justice Presentation' during one of your church services - this will introduce the issue to your congregation, suggest why we, as Christians, could be involved in this movement and then suggest what the Church could be doing.
- Have 'Trade Justice' packages readily available at your church for those who are particularly moved by, or engaged with the presentation. These packages are for those looking to take the next step in the movement and learn more about it.

Advocacy

- A letter box drop in your local church area advertising an event (concerned with trade and ethical consumerism). Hold a community 'Trade Justice' event. You may like to give the same 'Trade Justice Presentation' at the event, or perhaps run 'Fair Trade' stimulus games which may get the audience engaging with issues of trade.

Action

- Become a Fair Trade Church. This involves serving Fair Trade tea and coffee at church morning teas, suppers or events and then notifying the Fair Trade Association of Australia who will officially certify you as a 'Fair Trade' church. Go to: "www.fta.org.au/FTAANZ/fairtradecommunities" for more details.
- Encourage ethical consumer activity within the church congregation; buying fair trade products such as coffee, tea, chocolate, sports equipment and clothing where possible. Go to: "<http://www.fta.org.au/FTproducts>" to find out where you can purchase Fair Trade products.
- Get your church involved in a Letter Writing Campaign. Pressure your local MP and our national government to ensure the PACER negotiations happen in a way that meets the needs of the Pacific nations involved.

All of these resources are available from UnitingWorld. Please phone (02) 8267 4267 or visit www.unitingworld.org.au for more information.