

Media release

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Abbott risks health and environment for free trade

The Coalition's newly announced trade policy leaves the federal government vulnerable to legal action from international companies, according to The Australia Institute.

Hours before voters head to the polls, the opposition has announced it would use investor-state dispute settlement clauses in free trade agreements.

The move would give foreign companies the right to take action against new federal laws that could potentially affect their profits.

"If a drug company sells a drug that is later found to have severe side effects, and the Australian government took action to have it banned, taxpayers may have to make large payments to the company to compensate for loss of income," Senior Research Fellow at The Australia Institute, David Richardson said.

"Had the investor-state dispute settlement mechanism been in place before the Labor government's plain packaging laws were introduced, the tobacco companies may have been able to mount a case for compensation."

The Australia Institute believes the regulation of coal seam gas (CSG) is also under threat by the Coalition policy.

"As new information is collected, governments may want to act to control CSG activity," Mr Richardson said.

"Is the federal government really going to take action to restrict activities that might hurt the environment, including CSG, if they are likely to end up in court?"

"Australia has a very high share of foreign ownership in mining and manufacturing so the issues involved with investor-state dispute settlement mechanisms are likely to severely impact Australia.

"The issues involved with investor-state dispute settlement clauses raise extremely important concerns that need to be thoroughly discussed, not hidden away in the fine print on the eve of an election."

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