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## Media release

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# FTA could breach international law

The Free Trade Agreement reached today between Australia and the US could be in breach of World Trade Organisation rules. Under the WTO rules bi-lateral agreements between countries, such as the FTA between Australia and the US, are only allowed if they abolish virtually all tariffs, quotas and other trade restrictions.

“What the Australian Government has announced today does not appear to qualify as a free trade agreement under the GATT rules. The Department of Foreign Affairs and Trade’s own website spells out the criteria for a comprehensive FTA, and the deal announced today does not meet that benchmark,” said Dr Clive Hamilton, Executive Director of The Australia Institute.

Echoing Article XXIV of the GATT, the DFAT website states:

“The crucial test of an FTA or Customs Union is that it must *eliminate all tariffs* and other restrictions on *substantially all the trade* in goods between its member countries” (emphasis in the original).

The deal announced today provides no reduction in the trade barriers faced by Australia’s sugar exporters and leaves substantial barriers to beef and dairy exports.

It is possible that other parties to the WTO may challenge the US-Australia FTA for contravening GATT rules.

“The Government should be congratulated for defending the PBS from the demands of the US drug companies. While the full text of the deal is yet to be announced the summary indicates that there may be significant changes to intellectual property laws”, said Dr Hamilton.

“The US drug companies have been targeting intellectual property laws as a backdoor mechanism for achieving higher prices and profits. Unfortunately we won’t know for some time whether or not they have succeeded.”