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TITLE: Nothing free about Tony Abbott's free trade agreements

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Like buying a house, it's easy to get a free trade agreement if you don't care what you get or how much you pay. Since coming to office, Prime Minister Tony Abbott has closed a number of free trade agreements in record time, and it shows.

The so-called free trade agreement with Japan ensures Australia will not be able to export a single grain of rice to that country. Some tariffs will fall slightly, over the next 18 years, and many tariffs and quotas remain in place. It doesn't sound very free, does it?

You should be able to write a free trade agreement on a single page. The key sentence would be "there will be no restrictions on trade between Australia and Japan". But of course these documents often top 1000 pages because that's how long it takes to spell out all of the exceptions and exemptions.

But don't worry about the details, modern politics is about symbolism. Signing a fat document that lists all of the restrictions on trade between us and Japan is a good look as long as you do it at the Emperor's house and call it a free trade agreement. It's a pretty safe bet that no one will ever read it.

Indeed, this week when the Australia Institute contacted DFAT to seek details about when the deal would begin we were told: "The text is presently undergoing legal verification and translation before it is signed ... The Australian government is working closely with Japan to sign the agreement as soon as possible." In other words we haven't even finished negotiating yet.

The reason economists are often interested in encouraging trade is that if countries specialise in producing what they are good at, and then swap their output with countries that aren't so good at producing those things, both countries can be better off. Most Pacific islands, for example, would be carless without trade in oil and cars. Similarly, smartphones in Australia wouldn't be as smart, or as cheap, if we had to invent and produce them all by ourselves.

The problem, as is often the case with economics, is that a little bit of theory can do a lot of damage when placed in the wrong hands. While the textbooks are pretty clear that people who

want to swap with each other should usually be allowed to, politicians and business groups have taken that observation and created the cult of free trade.

As with most cults, the high priests of free trade rarely practice what they preach. While they publicly rage against industry assistance, tariffs and non-trade barriers, privately they rely on exactly those policies to deliver for the industries they like and to punish the ones they don't.

Using their pursuit of "free trade" as a political cover story, trade ministers meet behind closed doors to decide which industries will be sacrificed and which will be supported further. Australian trade ministers typically find it easy to do deals with industrialised countries as we are always willing to cut protections to our manufacturers if they will open up their markets to more of our agricultural exports.

Alternatively, we struggle to do deals with developing countries as they always want us to lower our barriers to their agricultural exports, and our farmers aren't too keen on that. Australia prides itself on being a free trade loving country but we aren't too keen on importing apples from New Zealand, bananas from the Philippines or chicken from Asia.

There are, of course, good reasons for countries to limit or ban the importation of some products from some countries. Few Australians want to see free trade in heroin, assault rifles or body parts. But, leaving aside such common sense restrictions on trade, most Australians are also rightly worried about the quality, safety and production processes of our imports.

And this is where the whole notion of "free trade" becomes meaningless. Everyone supports some restrictions on trade, including the high priests of the free trade cult. John Howard was opposed to free trade between Australia and the US in pharmaceuticals, not to protect Australian producers but to protect Australian consumers from the potential profit gouging of the drug monopolies, and the National Party was adamant that the Americans couldn't buy GrainCorp.

But rather than have a democratic conversation about which restrictions make the most sense we are forced to endure a phoney political debate between two extreme, but non-existent, positions of "free trade" and "nanny state protectionism". The purpose of the phoney debate is to conceal the politics of who wins and who loses behind banal strengths about the national interest.

The big losers out of the Australia-Japan trade deal were the car industry and the taxpayer. Of course Holden, Ford and Toyota announced they were shutting down production in Australia months ago, but cabinet obviously thought there was no point simultaneously sacrificing the car industry in their trade negotiations with Japan while supporting them through the Commonwealth budget.

The decision to scrap tariffs on Japanese car imports will cost the budget about \$1.2 billion over the forward estimates but, while we hear a lot about how tough the fiscal climate is, it seems it's not too tough to buy a photo opportunity with the Japanese Emperor and some extra profit margin for Australian beef exporters.

The Abbott government is involved in negotiating a large trade agreement between 12 countries called the Trans Pacific Partnership (TPP). As always, the negotiations are taking place in

secret and Australians will only learn later what industries and regulatory powers have been traded off in the pursuit of ever greater beef and sugar exports.

Thanks to WikiLeaks, we know that the Americans are very keen for us to include a so-called investor-state dispute settlement (ISDS) clause which would allow foreign companies to sue Australian governments for any changes in policy that harmed their profits, even changes that were deemed constitutional by our High Court.

Howard came under enormous pressure to include an ISDS clause in the Australia-US FTA; pressure that he resisted. Even the trade-loving Productivity Commission has warned against including ISDS clauses in trade agreements. But will Abbott put sovereignty first and resist such pressure? The answer will likely depend on how much more beef and sugar he think we will be able to export.

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