



**National Council of  
Women of New Zealand**

Te Kaunihera  
Wahine O Aotearoa

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17 December 2004

S04.59

**Submission to the Ministry of Foreign Affairs and Trade on:  
(a) Proposed Free Trade agreement between ASEAN, Australia and New Zealand  
and (b) Proposed Bilateral FTA with Malaysia**

The National Council of Women of New Zealand (NCWNZ) is an umbrella organisation representing 42 nationally organised societies. It has 33 branches throughout the country attended by representatives of those societies and some 150 other societies. The Council's function is to serve women, the family and the community at local, national and international levels through research, study, discussion and action.

Our concern for the welfare of women and children here in New Zealand and in the countries comprising the ASEAN group prompts us to respond to the MFAT invitation to comment on the current proposals re trade with those countries.

Through our Circular, our Economics Standing Committee canvassed members for their views. Although some commented on the lack of public discussion compared with other recent political issues, there was a very thoughtful response to our action item, reflecting the well attended workshops on Free Trade held at our national conference in September.

Questions and Answers: Members were asked three questions.

**1. Does New Zealand need to consider the welfare of the citizens of the country we propose signing a trade deal with?**

All replies were definite about protecting and enhancing the welfare of the citizens with whom we trade. No-one suggested the type of trade sanctions imposed in earlier years such as the Federation of Labour shipping ban to Chile back in the nineteen-eighties. But there was general insistence that social and environmental aspects of future trade figure prominently, in fact dominate negotiations. One recommendation, which this committee strongly endorses, is that a social and environmental impact report precedes any formalisation of deals and that such a report be open to public perusal.

The social issues troubling most members were (a) sweatshop production (b) industrial safety (c) child labour. But there was also recognition of the capacity building potential involved in the production of goods and services for internal and external trade, even when wages are low. As one branch expressed it = "we must recognise that what appears to us as low wages may be of great significance to the people with whom we wish to trade". This is not to excuse low wages as the norm. Much depends on how rapidly wage-workers progress, as physical and human capital enhance their productivity. India provides us with an example of a rising wage structure but with a marginal productivity which still attracts entrepreneurs. If the trade-off is, however, lower safety standards, this cannot be condoned. Privatising profits but socialising costs does not match the "best practice" rhetoric of corporate mission statements.

**2. Considering the Trade Negotiations and Trade and Environment Reports, which services should be on the positive or negative lists?**

Since the subject of Development Economics started to come into its own following the acknowledged successes of the post-war Marshall Plan for Europe, a popular imperative has been:





“Giv a man a fish and he will need another next day – but teach him to fish and he has skills for life.” Nowadays, the argument emerging from the WTO Doha Round seems to favour exporting foodstuffs to Asian countries, in contrast to New Zealand’s former emphasis on helping developing countries to establish their own farming, food-processing and forestry industries. Fonterra, for instance, employs clever marketing to sell a variety of nutritionally fortified dairy products as good for children’s physical and mental development – a winner with Asian parents. But the risk of dumping coupled with the inability of Asian farmers to compete on their own market could drive rural Asia back into the opium trade and worse.

We must remember that not all exports leave New Zealand shores –tourism for example. Members envisage our energy and water as possibly the new cheap factors of production attractive to overseas owned multi-nationals, with legislation restricting the rights of central and local government to favour local contractors over foreign bidders who often have lower cost compliances and can cross-subsidise.

### **3. Are there any other issues that need to be considered?**

(a) In the discussions surrounding trade agreements the decline of the US dollar must be taken into account. It is still the world’s major reserve currency but even Alan Greenspan (Federal Reserve Bank) warns foreigners against facing “an unacceptable amount of concentrated risk”. According to a recent Reuters report, central banks in Asia and elsewhere have amassed even more dollars, the aim being to keep their exports competitive in the United States. A market-led or government-decreed devaluation would mean considerable capital losses in the very countries New Zealand is cultivating for increased trade. Perhaps one solution would be to practise what most people believe actually happens i.e. negotiate in the currencies of the participating countries. Otherwise it could be said that we are using valuable resources, not to feed and clothe and educate people in the poorer nations but actually to buy American dollars.

(b) More attention must be paid to actual production costs when arranging terms of trade. For instance, Australia has a lower OCR (Official Cash Rate) than New Zealand –implying that Australian producers have an advantage, in spite of latest figures showing a rise in production costs.

(c) The public needs to know more about penalties written into any agreements.

(d) Then there is the anomaly of our country signing up to the Kyoto Protocol yet seeking trade deals likely to consume more fossil fuels for air and sea shipping – even to swap identical goods! Added to this is the increased risk of pollution from accidents.

(e) Historically excise taxes have been major sources of government revenue – especially before the invention of income taxation. Negotiators need to acknowledge that poorer countries generally have a low income tax base and rely more on tariffs as a percentage of their national income. Tariff reduction may be too blunt a tool for some nations.

The National Council of Women is pleased for this opportunity to share our views on these vital topics.

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National President

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