



Oxfam Submission on Trade for All

10 October 2018

Oxfam New Zealand welcomes this opportunity to provide ideas to MFAT as part of the Trade for All consultation process. Oxfam New Zealand is a New Zealand registered Charitable Trust that is a legally autonomous member of the global Oxfam Confederation of 19 affiliates in 86 countries. Oxfam New Zealand works in partnership with colleagues across the world, and Oxfam in the Pacific (a registered Trust in Fiji), to deliver international development programmes on the ground, conduct advocacy and campaigns that amplify the voices of the marginalised, and respond to people in crisis.

This submission is structured as follows:

- general comment
- trade for all: what is good for New Zealand is good for all
- the Pacific and PACER-Plus.

Our key suggestions are listed below.

- The 'New Progressive and Inclusive Trade Agenda' be applied not only in New Zealand, but also to the countries that New Zealand enters trade agreements with.
- Sustainable development assessments encompassing human rights, and social and environmental impacts be required as baseline measures prior to trade agreement negotiations, and used for ongoing monitoring.
- Ensure inclusive and transparent processes.
- Integrate monitoring mechanisms that encourage civil society action.
- Include a requirement for multinational corporations to publish key financial information on a country-by-country basis, to stop tax avoidance.
- Assess all trade agreements through a climate change lens, and use agreements to incentivise action that halts and responds to climate change.
- New Zealand pioneer a model sustainable development chapter for trade agreements.
- As part of PACER-Plus, New Zealand:
 - use the attached aid package to mitigate PACER-Plus's negative impacts
 - assist countries to protect their people from, and mitigate the impact of, tobacco, alcohol and ultra-processed food-stuffs, and monitor these products' availability
 - monitor access to, and spending on, countries' public health and education services
 - support countries to avoid implementing regressive taxes in response to the need for revenue generation with the loss of tariff income
 - incorporate in the 'aid for trade' strategy support for union strengthening and labour inspectors to protect and expand labour rights
 - develop a women's agricultural produce initiative under the 'aid for trade' package, and monitor women's empowerment indicators.

To discuss this submission or for more information, please contact Oxfam's Advocacy and Campaigns Director, Jo Spratt, at: Joanna.spratt@oxfam.org.nz

General Comment

Oxfam is extremely pleased to see the New Zealand government devising a 'New Progressive and Inclusive Trade Agenda'. Oxfam sees this approach as recognising the fact that trade, and legally enforceable trade rules, are powerful tools that can help humanity address challenges such as poverty, inequality and climate change. Oxfam sees New Zealand's Trade for All agenda as offering an opportunity to ensure trade does no harm and leaves no-one behind.

We support the key principles and areas for attention outlined in *A New Progressive and Inclusive Trade Agenda* (CBC-18-MIN-0026, point 13), including examination of how trade can contribute to *inter alia*: improving environmental conditions; halting and responding to climate change; protecting health and well-being; advancing labour rights, women's rights and indigenous peoples' rights; supporting SMEs; and preserving the duty of governments to regulate in the interests of their citizens (pp. 3-4). Oxfam warmly welcomes the focus on these important issues in the trade arena.

We also welcome New Zealand's work to reduce fossil fuel subsidies and on harmful fish subsidies, and encourage New Zealand to take the lead in developing a model gender chapter for trade agreements. We support the idea to build a coalition of countries that aim to use trade as a tool for women's economic empowerment. Similarly, we encourage more work to support indigenous trade links and sharing of lessons learned. In several of the key documents, the need for underlying measurement and analysis is highlighted, which we discuss further below.

Trade for All

Oxfam suggests that the 'New Progressive and Inclusive Trade Agenda' be applied not only in New Zealand, but also to the countries that New Zealand enters trade agreements with. The world is ever-more globalised, and as a consequence, more connected. To a significant degree, international trade has driven this globalisation. The importance of trade being inclusive, supporting women's empowerment, and accounting for indigenous peoples, the environment, and regional and remote communities, are just as relevant for trade agreements in other countries as they are in New Zealand.

Given this, we welcome the government's desire to explore how New Zealand can contribute to international sustainable development through trade agreements. The Cabinet paper outlining 'A New Progressive and Inclusive Trade Agenda' (CBC-18-MIN-0026) posits the questions: "*What contribution can trade policy make to progress toward the achievement of the Sustainable Development Goals (SDGs)? How should New Zealand work with developing countries in particular to help them meet their SDG objectives through better outcomes for their exporters?*" (p. 4). Oxfam welcomes this curiosity regarding how New Zealand can negotiate trade agreements that support developing countries to achieve the SDGs. We have suggestions on how to go about this, which are also applicable to the New Zealand context.

- Oxfam suggests that human rights, social and environmental impact assessments be required as baseline measures prior to negotiation of any trade agreement. As highlighted in several of the 'Key Documents' on the consultation website, measurement and analysis is crucial to a 'New Progressive and Inclusive Trade Agenda'. For developing countries in particular, they often do not have the institutions in place that protect and uphold people's rights and protect the environment. This means that regional and global value chains can

create a race to the bottom on environmental protection and human rights, particularly labour rights and women's rights. Given this, careful sustainable development assessment is required to ensure that trade rules do not further undermine the ability of governments to build the institutions that will protect their citizens and their environment. The information contained in these assessments can then inform trade negotiations so the outcome is inclusive, and upholds human rights and protects the environment. These sustainable development assessments can also provide information for ongoing monitoring and research, to learn more about the positive and negative impacts of trade agreements.

- Inclusive trade agreements are founded on inclusive processes. Too often consultation does not involve a broad spectrum of society and comes too late in the process. To gain a full understanding of the positive and negative impacts of trade agreements, the citizens of the country need to be actively involved. This is particularly so because trade rules bind future governments and are enforceable, and create broad structural conditions that impact upon people beyond the economic domain of their lives.
- Transparency is also an issue with trade agreements. While we acknowledge there are some legitimate concerns about the commercial impacts of transparency, we suggest these are more limited than they are often claimed and used to justify unwarranted secrecy about rules that can have significant impacts on citizens. A commitment to a progressive and inclusive trade agenda needs to carefully attend to how to make the process more transparent.
- Oxfam sees opportunities to establish trade agreement monitoring committees that comprise representatives from a broad range of stakeholders, not only businesses, and can be involved in building inclusive and transparent processes. There is also the potential to build monitoring mechanisms into trade agreements, such as the potential for civil society groups to launch research or investigations into various implementation aspects, ensuring that negative impacts are highlighted and addressed.
- Oxfam suggests that trade agreements require multinational corporations to publish key financial information in the countries that they operate (known as public Country-by-Country Reporting (pCBCR)). Oxfam has found that multinational corporations across the world avoid tax, including in New Zealand, at great cost to all governments (our latest research estimated tax avoidance by just four companies of NZ\$2.3 billion/year across 15 developed and developing countries, including New Zealand (Oxfam, 2018a)). One way of stopping this is to requiring pCBCR of multinational corporations. This has been shown to have no impact on companies' competitiveness (Transparency International EU, 2016), but it greatly assists governments and their citizens to ensure that multinational corporations pay their fair share in taxes.
- Climate change will have significant impacts on human societies and their environments, including trade. To address this, all trade agreements need to be assessed against the specific climate change impacts that the countries involved will experience. All supply chains will be impacted upon. Trade agreements can also incentivise a move to low-carbon economies, resilient infrastructure investments, climate-friendly technological innovation, and new economic modelling that preserves our natural capital (Global Commission on the Economy and Climate 2018). Trade rules could incentivise investment in these areas, to halt temperature increases, ensure societies adapt, and create and protect jobs.
- New Zealand could pioneer the development of a model Sustainable Development chapter for trade agreements, along the lines suggested for women's economic

empowerment. This could be based on the SDGs, and potentially also incorporate the Living Standards Framework and upcoming dashboard, as holistic measures of economic impact. This Sustainable Development chapter should also include commitments to ensure human rights, particularly the ILO standards (including in export processing zones), and environmental protection measures, and include regular monitoring and review mechanisms.

The Pacific and PACER-Plus

The new Pacific diplomacy principles, outlined in the Cabinet paper ‘New Zealand in the Pacific’ (Office of the Minister of Foreign Affairs, 2018, pp. 6-7), include a commitment to mutual benefit, which describes how New Zealand “must actively identify win-win opportunities and avoid negative consequences” when developing domestic and foreign policy. The principle is further articulated as, where appropriate, asking the question “how will this affect the Pacific Islands region” when making decisions. The collective ambition principle requires the New Zealand government to work in a coordinated fashion, and with civil society and other stakeholders in New Zealand, to ensure New Zealand can contribute to the Pacific’s long-term sustainable development goals. These principles have significant implications for trade agreements that involve the Pacific, in particular PACER-Plus. Below we have specific suggestions for the implementation of PACER-Plus, but the above ideas also apply to any trade relations with the Pacific.

While offering the potential to expand exports and create employment, particularly through niche sustainable agriculture and value-added products, PACER-Plus also has the potential to cause negative impacts in signatory Pacific Island Countries. Oxfam would like to see New Zealand’s aid package attached to the PACER-Plus agreement focus on mitigating these negative impacts. If it is not possible within an ‘aid for trade’ approach, then Oxfam suggests that general aid to these countries account for these impacts. The PACER-Plus monitoring framework can also include indicators to assess the impact of PACER-Plus implementation against employment creation and income generation, as well as potential negative impacts. We look forward to further engagement with MFAT in the development of the monitoring and evaluation framework for PACER-Plus.

Given the similar institutional environments many Pacific Island Countries share with other developing countries, the below can also be applied more broadly.

- Under PACER-Plus some Pacific Island Country signatories have committed to reduce or remove tariffs on tobacco products, alcoholic drinks and ultra-processed foods. These products are known to cause non-communicable diseases, which already account for 70 percent of all deaths in several Pacific Island Countries (Anderson 2013) – most of which are premature. New Zealand needs to assist Pacific Island Countries to mitigate the substantial negative impacts of these products on their people. This should include support to governments to provide evidence-based legislation and policy interventions that will withstand challenge through trade dispute mechanisms. We suggest the availability and consumption of tobacco, alcohol and ultra-processed foods could be useful indicators for monitoring PACER-Plus.
- Some countries have also agreed to open their economies to trade in services, including in education and health. This should be monitored to ensure that public services are not privatised, and that inequalities are not exacerbated or created through disparities in access to services. Oxfam and Development Finance International’s annual Commitment to Reducing Inequality Index (CRI) already monitors spending in health and education,

and can provide a useful tool to assess changes in these expenditure areas, as PACER-Plus enters into force.

- Often, governments respond to tariff reductions by increasing regressive taxes, such as Value Added Tax. Oxfam's CRI (2018b) indicates that several Pacific Island Countries already have room to improve on the progressivity of their taxation regimes. Oxfam suggests that New Zealand works with governments to ensure regressive taxes are not imposed following tariff phase-out, and that this could be a useful indicator for monitoring PACER-Plus's implementation.
- There is no labour chapter in PACER-Plus. Labour rights are often eroded through liberalising trade agreements. Oxfam suggests that labour rights are monitored closely during PACER-Plus's implementation. Again, Oxfam's CRI indicates that some Pacific Island Country signatories need to improve their labour conditions, including minimum wages. We suggest that New Zealand's 'aid for trade' strategy funds the strengthening of unions and labour rights inspectors as key mechanisms for protecting labour rights.
- Women comprise the majority of small-holder producers in most Pacific Island Countries and gain substantial income through selling their produce. Tariff removals under PACER-Plus may undermine their ability to sell their produce, due to an influx of cheap, ultra-processed food-stuffs. At the same time, there are significant export opportunities in high-value, low-volume niche exports, such as single source products of coffee, chocolate, spices, and virgin coconut oil, cosmetics, indigenous nuts and oils, fresh fruit and vegetables, livestock, cut flowers, organic produce and timbers. We suggest that this area should form a significant component of the 'aid for trade' strategy, and broader aid investments, with a specific focus on women's active participation and decision-making. PACER-Plus's impact on women of all ages also should be a key monitoring indicator. Government legislation and policies to protect small-holder production should also be encouraged and supported.

References

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