

# Thinking urged on the Free Trade Agreement's environmental impact

A study into the possible environmental impacts of the Australia-US Free Trade Agreement predicted significant effects from the large expected increases agricultural production and transport, but has, more importantly, drawn attention to the need for formal assessment of the underlying environmental effects of Trade agreements, including from integral legal and policy issues.

The study was commissioned by independent think-tank OzProspect because 'the Australian Federal government has commissioned two studies to assess the economic impact of the agreement, but unlike in the US where environmental reviews are legislated, it has not conducted any research into the potential environmental impact of the Agreement.'

The economic modelling of the AUSFTA, prepared by the Centre for International Economics, was used to convert estimated Agreement-related production gains in the intensive dairy and sugar industries into demands for water, chemical fertilisers, pesticides and transport.

The study also referenced CSIRO's recently published report, *Future Dilemmas* (see *Ecos* 117), which provides assessments of the disproportionate environmental effects of export-related agriculture on Australia's environment.

## Secondary production effects

Michael Cebon, the study's author, reiterates that 'Australia at present exports 80% of its agriculture, but broad-scale, export-oriented agricultural land use has resulted in serious environmental degradation,

including salinisation due to land clearing and over irrigation, water overuse, high greenhouse emissions, and flow on effects like biodiversity loss and water pollution due to increased pesticide and fertiliser use.'

Although the large, anticipated sugar and dairy industry quotas couldn't be negotiated into the Agreement at the eleventh hour, Cebon extrapolated that under the original, projected production increases, water consumption by agriculture would increase by up to 1.3 trillion litres per year, almost as much again as the total national domestic water use.

'The total amount of water required to meet the additional volume of exports identified by the economic models is equal to the volume of three Sydney Harbours and represents an

## Cebon says that it isn't widely known that 'NAFTA suits have so far cost about US\$30 billion'

increase of 7.5 per cent on Australia's current total agricultural water use of 17.9 gegalitres per year', he writes.

The report urged wider consideration of associated production impacts, such as on the Great Barrier Reef and Australian river systems, because of increased land, pesticide and fertiliser use by the sugar and dairy industries.

'Transport increases', Cebon says, 'are likely to result in significant increases in national greenhouse emissions and pollution'. Export-related transport emissions have 'increased by 63% in the last decade'.

A similar technique was used for calculating the increase in embodied energy demanded by



Willem van Aken/CSIRO Land and Water

Sugar was a hot issue. Had it been included, the Government study's FTA-related increase in US exports was estimated at 2550%.

exports to the US under the AUSFTA, which Cebon believes would have led to an annual increase of 2 million tonnes of CO<sub>2</sub>-equivalent emissions within the agricultural sector each year – a rise of over 25 per cent.

## Legal and policy issues

Also raised are concerns that the North American Free Trade Agreement's (NAFTA) 'investor state' provision is likely to be incorporated into the AUSFTA, giving US investors the right to sue the Australian government

(GMOs) and strict quarantine laws. The report cautions that relaxing these laws and the ability to regulate could expose Australia to possible health risks and imported environmental threats.

There has been worryingly little discussion or media coverage of these assessments of the FTA, but on Radio National's *Earthbeat* in response to Cebon's report, Alan Oxley, Chairman of the Australian APEC Study Centre and former GATT Ambassador, said 'Both Australia and the United States have got high environmental standards, but you need wealth to manage the environment properly, and the Free Trade Agreement will increase wealth in Australia.'

'The idea that trade damages the environment is no more than saying that growth damages the environment. And this is a luddite idea', Oxley said, seeing no link between trade and environment issues. 'What they're really saying is that growth affects the environment and that's really an argument saying you can only protect the environment if you have no growth.'

### More information:

The report is available at [www.ozprospect.org/pubs/FTA.pdf](http://www.ozprospect.org/pubs/FTA.pdf)  
*Earthbeat's* program transcript: <http://www.abc.net.au/rn/science/earth/stories/s978294.htm>