

TIMOR-LESTE AND ASEAN'S FREE TRADE AGREEMENTS

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At the moment Timor-Leste is starting the process to become a member of the Association of South-East Asian Nations (ASEAN). ASEAN is a regional group created in 1967. Its older members are Indonesia, The Philippines, Thailand, Singapore, Malaysia and Brunei. Newer members are Cambodia, Viet Nam, Laos and Myanmar/Burma. ASEAN tries to strengthen economic, military and social-cultural cooperation and links. Initially this cooperation was based only on goodwill. However since 2007 ASEAN has focused on creating sanction-based mechanisms to ensure that members follow ASEAN agreements. Timor-Leste hopes to enter ASEAN in 2012.

The largest obligations for ASEAN members are its Free Trade Agreements (FTAs). FTAs are agreements between one or more nations or regions. This can include rules on import taxes, and affect laws about finances, agricultural and industrial policy and also open competition between the State and the private sector in providing public services such as health care, water, electricity and education.

All ASEAN members except Laos are members of the World Trade Organization. If Timor-Leste becomes an ASEAN member it must also follow the 23 WTO agreements. These agreements require its 150+ members to follow one packet of rules. This limits governments' ability to create policies and laws based on national needs. The WTO system does not recognize governments rights and responsibilities to ensure that everybody has a good quality of life. The WTO agreements consider everything as an economic product – such as education, local seeds, medicine, food and many other areas. The WTO ideology does not recognize that powerful companies and individuals often use their power to advance their own interests, and limit others opportunities – this is not an “open” market. In some situations the WTO allows for people to advance human rights interests – but this requires a great deal of energy and resources to achieve.

For example, poor nations fought for 6 years to secure their right to give cheap medicines for diseases such as HIV. During this time pharmaceutical companies tried to bring a case through the WTO system and some nations spent a great deal of money to prepare their case and defend their rights. Nations such as South Africa and Brazil received a lot of pressure from Europe and the United States to call off their fight. Before rezolving these nations rights to these medicines, companies asked prices for HIV medications that were up to 99% more than today's price. Its much better for these poor nations, with socio-economic challenges such as HIV/AIDS – not to waste time, money and energy battling high-priced medicines that don't recognize poor people's right to live. The WTO rules are extremely complex, but we can learn examples of their impacts – such the impacts of seeds in India, cotton in Africa and world food prices.

These agreements state that their objective is to advance a free market – but in reality they allow some nations to protect their own interests – this isn't “open.” Some poor nations can produce agricultural products cheaper than rich nations. If their cheaper food products entered into rich nations, this would impact agribusiness companies and reduce rich countries food sovereignty. Because of this, Europe and the United States fight in the WTO to create

rules that help them to protect their own food sovereignty. They have also found a way to give subsidies for the food that they export – and so agricultural producers can sell their food products cheaper than the cost of production and destroy farmer's livelihoods and food sovereignty in other nations. When companies have a large amount of power in the global food system they can increase prices, which occurred in the 2007-2008 food price crisis.

This example shows that the objective of "free trade" is not to facilitate markets, but to facilitate large companies. Moreover, the system to enforce WTO agreements and Free Trade Agreements is much stronger than the system to enforce international human rights laws. Because of this many governments prioritize free trade agreements, even if they contradict human rights.

Why do small and poor countries sign these agreements?

Some examples are:

- They receive pressure from donors or countries they are indebted to
- They support the theory of "free markets" but don't understand that these agreements do not truly make markets free.
- They receive pressure from powerful countries
- They do not understand these agreements because they are very complex
- Leaders do not make agreements democratically
- They are extremely dependent on one or two products and are scared that they will lose their access to markets for these products if they do not join WTO
- They hope that FTAs will help them to strengthen markets with nations which they have positive relationships with (and therefore will not need to rely on markets with powerful countries)

Perhaps ASEAN, with some FTAs, can help to strengthen markets between neighbouring nations and reduce their dependency on powerful nations. Often ASEAN nations negotiate these agreements together – not one by one – this can help them to negotiate better agreements, however developed nations such as Singapore receive far greater benefits than other members. ASEAN's "free trade area" is between the ASEAN members. There are also agreements with China, Japan, Australia and New Zealand, South Korea and India. However, these agreements have only begun implementation and we don't yet know their impacts. The impacts of these agreements will be greater in Timor-Leste because it is not yet bound by the WTO rules.

So far Timor-Leste has not received a great deal of pressure to enter the FTA system or the WTO. Although it is a small nation, Timor-Leste can sell its products overseas, such as coffee. The bigger barriers to trade for Timor-Leste are bureaucracy, poor information for small business, and transport issues. The larger problem is that Timor-Leste does not yet control its own economy. Every year we send money overseas because Timor-Leste does not yet have a clear plan to provide for its own needs such as food, construction materials and local energy (that does not rely on imported heavy oil). Also, the Timor-Leste government does not give priority to areas which are of great importance to the economy: such as agriculture, health and education.

Because FTAs are very complex, they need extensive research and analysis. Generally speaking, FTAs can reduce Timor-Leste's capacity to make decisions about its own development process – particularly how the State protects its citizens. FTAs can prevent

government from adopting some policies that can help Timor-Leste to dominate its own national economy. For example, it limits ways to support local business.

What can civil society do? First, we can learn about these agreements and the situation in other countries. We can help the Timor-Leste government to understand the impacts of FTAs, and consider their advantages and disadvantages. We can work together with students, farmers, local business and other groups. We can put pressure on government to wait until the economy is well developed before we make the decision to agree to FTAs. We can also help government to analyze these agreements extensively, and ask about the experience of others who have helped small countries in these types of negotiations, in order to understand the most effective way forward if government does decide to sign an FTA.