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### 1. Democrat Congress members' letter condemns US push for higher drug prices

Senior Democrats sent the letter reproduced below to the US President last week.

Dear Mr President

We are writing as members of the Democratic leadership of the House of Representatives and senior Democratic Members of the Committee on Ways and Means to express serious concerns about the Administration's effort to modify Australia's national pharmaceutical reimbursement program as part of the negotiations for a free trade agreement (FTA) with Australia. Key elements of the proposal appear designed to **increase** drug prices in Australia at a time when the Bush Administration has failed to **reduce** drug costs for Americans.

We recognise and support the right of the U.S. pharmaceutical industry to protect its intellectual property rights in foreign markets, including markets such as Japan, Korea and France that have applied discriminatory pricing schemes to benefit domestic industries to the disadvantage of our innovative industry. We also support efforts to improve transparency in foreign markets, including Australia's, so that our businesses have a fair chance to compete and make the case for selling their products.

Unfortunately, the proposal tabled by U.S. Trade Representative Robert Zoellick goes much farther. Since the proposal has not been shared with the public in either the United States or Australia, we cannot reference its specific language. However, there are at least four major problems with the proposal.

First, we are deeply concerned about the proposal's implications for the United States. A number of elements of the proposal, if applied to public and private programs in the United States, could harm American veterans and others by raising drug prices and restricting choice or access, among other potential consequences. Individuals potentially affected by the proposal include the elderly who receive Medicare, working people on Medicaid, veterans who receive health benefits through the Veterans Administration, and active military men and women who participate in the Department of Defence

TRICARE program, as well as other people who participate in programs administered by the Indian Health Service, the Public Health Service, and a myriad of state and local governments throughout the United States. this impact comes at a time when the Bush Administration has done little if anything to address the serious need to broaden access here at home.

In this regard, some have suggested that the United States would be exempt from application of this proposal. We do not know whether the Government of Australia would be willing to accept such a one-way mandate in the FTA; however, regardless of what its position might be, we believe it is inappropriate to seek changes in other countries' policies or programs that we would not be willing to accept here at home.

Second, U.S. Trade Representative Zoellick has stated that proposals made in FTA negotiations should become models for all future FTAs. We have been concerned with the attempt of USTR to utilise provisions of one FTA as a "model" for others, even where circumstances are very different. Given this serious problem, it is essential that this proposal be more carefully considered - with respect to both its ramifications on current U.S. programs as well as how it may constrain Congress' ability to expand access to medicines in the future - before we lock ourselves into a web of international commitments. Moreover, given that far too many Americans cannot afford access to life-saving or life-prolonging medicines, it is astounding that the United States may seek to impose those shortcomings not only on Australia today but on the rest of the world tomorrow.

Third, the proposal's potentially wide-ranging mandates and constraints are likely to raise costs both for the Australian government and its citizens. Regardless of whether one supports Australia's universal health care system, it is indisputable that Australians on the whole have far better access to affordable prescription drugs than do many Americans either on their own or through various public and private insurance programs. The broad access that Australians currently enjoy would be undoubtedly threatened if prices increased.

That said, given that the recently enacted Medicare law failed to take steps to reduce, in any meaningful way, the cost of prescription drugs for the elderly in the United States, perhaps it is understandable that the Administration would seek to raise prices in other countries as well. However, if the Administration proceeds along this track in the name of preventing "free ridership" by countries and their citizens, we respectfully request to see the Administration's plan to lower prices correspondingly for American purchasers.

Fourth, it is not clear that this proposal comports with, let alone is called for by, the principal trade negotiating objectives of the Trade Act of 2002. The Act states clearly that the objective of eliminating price controls and other practices applies when those measures "*provide a competitive advantage to [the foreign country's] domestic producers...and thereby reduce market access for United States goods.*" It is far from clear that the Australian system as currently structured provides any net advantages to Australian producers in competition with U.S. pharmaceutical companies - and to date, this reason has been offered as the basis for the proposal.

Given these concerns, we urge you to direct USTR Zoellick to withdraw the proposal and replace it with one that is derived after a meaningful dialogue with Congress and reflects the views of a broad, bipartisan cross-section of Congress. This is the traditional basis on which trade agreements have been negotiated and implemented throughout the

postwar era by Republican and Democrat Presidents alike, particularly from the time of President Ford through to President Clinton. We also urge you to immediately release the proposal so that a full public debate of its merits can occur.

Signed by Nancy Pelosi, Democratic Leader, Steny Hoyer, Democratic Whip, Charles B. Rangel, , Committee on Ways and Means, Pete Stark, Subcommittee on Health, Robert T. Matsui, Subcommittee on Social Security, Sander M. Levin, Subcommittee on Trade, George Miller, Committee on Education and the Workforce, John Budget Committee, Jim Clyburn, Vice Chairman, House Democratic Caucus

## **2. WA farmers use Canadian evidence to condemn USFTA attack on Wheat Board**

Farmers warned on FTA by Peter Trott **The West Australian**, 20 Jan 04

A decade of "free trade hell" has devastated family farming in Canada since it entered a free-trade agreement with the United States, according to a WA grain industry leader. WAFarmers grain spokesman Peter Wahlsten said it was a grim warning to Australia not to cave in to American demands for Australia's single-desk wheat market to be scrapped during negotiations of a US-Australia free trade agreement which are continuing in Washington.

Federal Trade Minister Mark Vaile has said the single desk is not up for negotiation. But Barbara Spangler, of the US Wheat Export and Trade Education Committee, said during the last round of negotiations that she was confident US trade representative Robert Zoellick and his team would not drop the demand in the final round of talks.

Mr Vaile has said sugar is one of the difficult outstanding issues. But US negotiators have insisted that concessions on sugar, beef and dairy products would depend on scrapping the single desk AWB Ltd. Mr Wahlsten, a Merredin. farmer and Grains Council of Australia delegate, said a report by the Canadian National Farmers Union had detailed the ownership and control of family farms and marketing cooperatives being lost to US-based multinationals. Companies such as ConAgra, Cargills and Archer Daniels Midland bought and sold more grain than Australia produced.

"These multi-nationals look at our wheat marketing and see they are not part of the action," he said. "So they say, we want to have some of that, and they use money and pressure and whatever it takes to get it. "The Canadian farmers union said that from 1988 when the agreement started to 2002, agrifood exports from Canada had nearly trebled but net farm income had fallen 24 per cent after inflation, farm debt had doubled and the number of farms had fallen from 293,089 to 246,923. In the same period, the retail price of bread had risen from \$1.12 to \$1.46 a loaf while the farm-gate wheat price had fallen from \$4.93 a bushel to \$4.48 a bushel. Mr Wahlsten said one of the much-vaunted benefits of the free-trade agreement in boosting jobs in value-added food processing had not been achieved. The union study found jobs in agrifood processing had dropped from 277,300 in 1988 to 274,900 in 2002 along with a huge decline in Canadian ownership of flour mills, malt plants, grain handlers and machinery companies.

## **3. New Research shows NAFTA problems on tenth anniversary.**

Public Citizen has produced a series of factsheets which show that NAFTA has not delivered the promised benefits, although it is still being pushed as a model for other FTAs. See <http://www.citizen.org/publications/release.cfm?ID=7295>