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1. USFTA to bring higher medicine prices despite Minister's promises AFTINET media release 6 February 2003

"Washington insider reports that the Trade Minister is indeed discussing price rises under the Pharmaceutical Benefits Scheme give the lie to his promises that the price of medicines would not rise under the USFTA," Dr Patricia Ranald, convenor of the Australian Fair Trade and Investment Network, said today.

"The report in the reliable business trade bulletin *Inside US Trade* says the negotiators are discussing text on possible means of price rises for medicines listed on the PBS. The report interprets this as a signal that Australia is open to changes to allow price rises," explained Dr Ranald.

"Even worse, the same source reports that there would be a "side letter" agreement that only Australia, not the US, would make such changes. The letter would prevent the U.S. from having to change the few accessible medicines programs it has, run by the Veterans Administration, Indian Health Service and the Department of Defense," said Dr Ranald "This is the highest form of US hypocrisy."

"The price of medicines for most Americans is three to ten times higher than in Australia. It is outrageous that our government could agree to higher prices for medicines in Australia while agreeing that similar changes are unacceptable in the few US programs which make medicines more affordable for some Americans," added Dr Ranald.

"The secrecy of the negotiations means that such shabby deals can be hidden in the details and will not be revealed until after the deal is done," explained Dr Ranald.

"We call upon the Minister to reject these proposals, to keep his commitment that the price of medicines will not be negotiated, and to publish the full text of any agreement, with any "side letters" before Australia is committed to it," said Dr Ranald.

2. Bush urged to save trade deal

By Marian Wilkinson, Tim Colebatch

The Age, February 5, 2004

United States manufacturers have called on the Bush Administration to ride over the country's powerful agricultural lobby and sign up to a comprehensive free trade agreement with Australia despite the farmers' opposition.

Another day of marathon negotiations in Washington between Trade Minister Mark Vaile and US Trade Representative Robert Zoellick ended with no official comment from either side. With at most three days left to reach agreement, the talks face an uphill climb due to US refusal to open its markets to Australian farm exports.

Industry sources said the negotiators have clinched a conditional deal to reform Australia's pharmaceutical benefits scheme allowing more transparency in assessing medicines for inclusion in the PBS.

But the reforms would take effect only if the two countries conclude a free trade agreement, which would require President George Bush to reverse his decision to offer Australia minimal market openings in agriculture.

Jerry Jasinowski, president of the US Manufacturers Association, said an agreement with Australia "promises to be the best free-trade pact ever entered into by the United States if we can get a comprehensive agreement covering all sectors".

His support came after Australian trade negotiators reportedly agreed to eliminate most Australian tariffs on US manufactured goods. Australian negotiators have tried to wrap up agreements on all non-agricultural issues to put maximum pressure on the White House to change its mind on Australian access to US sugar, dairy and beef markets.

Australian opponents of the deal challenged the Government to keep its promises that it would not trade off the PBS, local content rules on television and its insistence that disputes between investors and governments be handled in the courts.

"The danger is that the minister will cobble together any deal to save face," said Pat Ranald, convenor of the Australian Fair Trade and Investment Network. "Because of the secrecy of the negotiations, nasty trade-offs could be hidden in the details, and we will not see the full agreement until after the deal is done."

The US manufacturers attacked the sugar and dairy industries for lobbying against the agreement.

"It's time to stop listening to small, but very vocal special interests and focus on the overall benefit to the US economy," Mr Jasinowski said.

His comments were backed by an editorial in yesterday's Wall Street Journal which accused the US sugar lobby of trying to sabotage the US-Australian FTA, saying the industry had a "long history of damaging the US economy for its own enrichment".

A long list of Republican and Democratic politicians are lobbying hard for sugar and dairy farmers in states that are critical to Mr Bush's re-election.

Mr Vaile now has less than 72 hours left in Washington before his US counterpart is due to go overseas. Officials believe unless the deal can be wrapped up this week there is little chance of it going ahead before the US elections.

This story was accessed at the following website:
<http://www.theage.com.au/articles/2004/02/04/1075853936510.html>

3. AFTINET Planning Meeting 5 pm, 10 March Sydney

AFTINET will hold a planning meeting on Wednesday 10 February from 5pm at the Conference room on Level 11, PSA House, 160 Clarence Street Sydney. A lot of important trade issues emerging at the moment, and this meeting will be a chance for AFTINET members to suggest priorities for AFTINET for the coming 12 months. The meeting will run for approximately two hours.

Come along if you can and have your say. Please let us know if you are coming. If you can't attend but would like to make a suggestion for the planning meeting please contact Louise Southalan at lsouthalan@piac.asn.au or phone (02) 9299 7833.

4. Letter to US Trade Representative from the US National Conference of State Legislatures against an Investor State Complaints process in the USFTA, 2/2/04

Dear Ambassador Zoellick:

On behalf of the National Conference of State Legislatures (NCSL), I would like to again thank you for the work that Chris Padilla and his Office have done to reinvigorate the Intergovernmental Policy Advisory Committee (IGPAC), to promote greater transparency in the negotiations process for those affected by the agreements, and to better engage state legislators. I look forward to representing NCSL on IGPAC and to working with you on these important trade and economic development issues. Further, I would like to applaud your efforts to carry a very heavy trade agenda forward into this new year. We appreciate your efforts to strengthen state-federal consultation all the more considering how heavy your work load is for 2004 on the bilateral FTAs such as U.S./Australia, the regional FTAs like the Central American Free Trade Agreement, and the WTO negotiations for agriculture and the General Agreement on Trade in Services.

However, as you near the completion of the U.S./Australia FTA, I must remind you that NCSL continues to have strong concerns about the effect that investor-state

dispute resolution chapters have on American principles of federalism, state sovereignty, and state lawmakers' ability to address the localized concerns of their constituents. NCSL understands the motivations for investor-state chapters in trade agreements. However, our experience with the North American Free Trade Agreement (NAFTA) indicates that the most frequent and grave challenges to state governmental institutions and authority have been levied by firms in Canada, a country with a well developed and respectable judicial system.

Further, NCSL has not yet seen any evidence that the "no greater substantive rights" language of the Presidential Trade Promotion Authority Act is being implemented in such a way as to forestall such claims as the NAFTA Chapter 11 *Methanex* or *Loewen* cases, which directly challenged state legislative and judicial authority. Since Australia also has a developed and transparent judicial system, NCSL does not believe that an investor-state chapter should be negotiated into the U.S.-Australia FTA for fear that similar abuses may arise. Until we have further refined the FTA investor-state language, we fear that it may be more dangerous for state sovereignty and federalism to include an improved yet still flawed investor : state chapter in the U.S./Australia FTA than to forego the chapter all together.

Martin Stephens

Speaker, House of Representatives, Utah President, NCSL

Max Arinder

Executive Director Legislative PEER Committee

Mississippi Staff Chair, NCSL

William T. Pound

Executive Director

5. An Invitation to meet and hear Professor Richard Feachem, Executive Director of The Global Fund to Fight AIDS, Tuberculosis and Malaria

A unique global financing initiative to fight the three diseases

Richard Feachem will talk about the Global Fund's achievements and about plans and the progress being made in our region and globally.

Dr. Feachem, the Executive Director of the Global Fund has worked in international health and development for 30 years and has published extensively on public health and health policy. Dr. Feachem holds a Doctor of Science degree in Medicine and a PhD in Environmental Health.

Where: Worrall Theatre, Sydney Hospital, Macquarie Street, Sydney

When: Tuesday 17 February, 2004, 5pm to 7 pm

RSVP: Médecins Sans Frontières Tel: (02) 9552 4933; Fax: (02) 9552 6539

Email: accesscampaign@sydney.msf.org

Lecture co-hosted by Médecins Sans Frontières and Oxfam Community Aid Abroad for The Global Fund to Fight AIDS, Tuberculosis and Malaria: www.theglobalfund.org