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1. USFTA: text released and AFTINET response

The text of the USFTA was released this morning, and can be accessed at DFAT's website at: http://www.dfat.gov.au/trade/negotiations/us_fta/text/index.html

AFTINET's media release in response is copied below. We are preparing a more comprehensive analysis which we will circulate shortly.

AFTINET MEDIA RELEASE

4 March 2004

US Free Trade Agreement weakens the PBS and regulation of essential services

"The details in USFTA text show that the government has traded away important powers to regulate in the public interest. Despite assurances, medicines could cost taxpayers more and the right of governments to regulate some essential services in the future could be limited," said Dr Patricia Ranald, policy manager at the Public Interest Advocacy Centre and Convenor of the Australian Fair Trade and Investment Network. The Fair Trade network is a network of 85 community organisations concerned about the impact of trade agreements on social policy.

"The changes to the process of listing medicines for the Pharmaceutical Benefits Scheme give increased rights to pharmaceutical companies to appeal decisions, including some aspects of price," explained Dr Ranald. "There are also changes to the patent laws for medicines which could mean delays in the production of cheaper generic medicines. This could result in higher costs to the taxpayers and ultimately to consumers."

"We are also concerned that the agreement gives a foot in the door to direct advertising of medicines to consumers through the internet, which is good for sales but can be bad for peoples' health if they don't seek medical advice. The internet is the mass advertising media of the future. Putting this into a trade agreement means that future regulation of the advertising of medicines will become a trade

issue, subject to trade rules, which may prevent governments from regulating to limit advertising in the future".

"In the area of services, all government regulation of services is subject to the terms of the agreement unless it is specifically listed as an exception. If services are not exempted, the US government can challenge their regulation as a barrier to trade," said Dr Ranald.

"Public services are only exempted if they are not supplied on a competitive or commercial basis. Since many public services like health and education have been commercialised, there is still uncertainty about exactly what forms of regulation might be challenged on the basis that they are a barrier to trade or investment. This is the danger of making public regulation subject to the terms of a trade agreement."

"What this might mean for public provision and regulation of services is shown by the side letter to the agreement in which the Australian government promises to sell the rest of Telstra. The US insisted on this letter. This issue is still being debated by the Australian parliament as a matter of public policy. It should not be part of a trade agreement," said Dr Ranald.

2. Free trade deal tested as Labor threatens blockade

By John Garnaut and Matt Wade, *Sydney Morning Herald*, 2 March 2004

Labor has set up a parliamentary showdown with the Federal Government over the passage of the US trade deal, setting an onerous three-part test the deal must pass or risk being blocked in the Senate.

On the eve of the release of the full 900-page text of the agreement, the shadow trade minister, Stephen Conroy, said yesterday that Labor would block the deal if it added any costs to consumers or taxpayers in relation to the pharmaceutical benefits scheme.

The likelihood of such costs could swing on the finer details of the trade deal's appeals process for companies wanting their drugs listed on the PBS, as well as complex new intellectual property protection for patents.

The Office of the US Trade Representative said that under the agreement Australia would adopt "higher standards" for all forms of intellectual property, including patents.

A 1996 Industry Commission report found that extending patents by five years would largely benefit American companies and cost Australian consumers up to \$7.4 billion. Pharmaceutical buyers would be particularly affected by such an extension, the report found.

The Trade Minister, Mark Vaile, said yesterday that the final text of the trade deal would not please everyone but would gain broad community support.

"I don't say every single business person in Australia will be overwhelmingly happy with the outcome," he said. "I think the broader community will be."

Mr Vaile also answered speculation that his delegation had gone cold on the trade deal in the final phase of negotiations.

Asked whether he had been advised that the agreement would damage Australia's international reputation as a free trade advocate, he said: "Oh look, we had a whole range of discussions on a daily basis right throughout the fortnight that we were negotiating in Washington . . . I'll be quite honest, we had a range of discussions on what are the implications of making this decision or that decision." He said he could not recall any advice from senior negotiators to walk away from the deal.

But he denied that his chief negotiator, Stephen Deady, had considered resigning.

Mr Vaile said the Government would call for tenders for formal economic analysis of the completed trade agreement.

Preliminary free trade talks with China showed that the US deal would not hurt Australia's relations in Asia, he said. "The Chinese government is certainly very keen to move that process along as quickly as we can."

Senator Conroy said Labor would oppose the trade deal if it undermined the Government's ability to regulate local content in audiovisual products, including new technology that may not yet be available in Australia.

Kim Dalton, who heads the Government-controlled Australian Film Commission, said yesterday that the deal would curtail the Government's ability to regulate such content and that it significantly departed from previous negotiating positions.

Senator Conroy said Labor would also oppose the trade agreement if it considered it undermined Australia's global or regional trade objectives.

"I think Australia has dropped the ball in the multilateral arena," he said. "We think our leadership of the Cairns Group [of agricultural exporting countries] is in grave danger."

This story was found at: <http://www.smh.com.au/articles/2004/03/01/1078117369335.html>

3. AFTINET planning meeting: Sydney 10 March

The AFTINET Planning meeting will be held on 10 March from 5pm at the Conference room on Level 11, PSA House, 160 Clarence Street Sydney. The meeting will run for approximately two hours. **Please note the address: the meeting is NOT at the AFTINET offices.**

Come along if you can and have your say about AFTINET's priorities for the next 12 months. 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 by phone on (02) 9299 7833.

4. WTO official sees no chance to end Doha this year

Reuters, By Jeremy Lovell. 23 February 2004

LONDON (Reuters) The stalled Doha round of trade liberalisation talks cannot be concluded on schedule by the end of this year, a senior World Trade Organisation (WTO) official said on Monday.

"That now looks completely unachievable," Richard Eglin, director of the WTO's trade and finance division, told a meeting at the Royal Institute for International Affairs, a think-tank.

Eglin said a more realistic deadline for completion of the talks was mid 2007, when the United States' fast-track negotiating mandate is due to expire.

The talks, falteringly launched in Doha, Qatar in 2001, ground to a halt at a follow-up meeting in Cancun in Mexico last September.

The main sticking point was the massive farm subsidies handed out by the United States and the European Union, which agricultural producers led by the Cairns Group demanded be phased out.

The United States insists that the 15 nation EU agree a deadline for the complete removal of its farm produce export subsidies while offering only to reduce its own subsidies.

Eglin said there had been a long period of stalemate and recrimination after the collapse of the Cancun talks, but exploratory talks had now restarted in Geneva.

"It is a rather despondent process at present," he said, adding that initial ambitions had been drastically scaled back, and the goal was to produce a framework by the middle of the year on which proper negotiations could be based.

Eglin said one problem was that no one seemed to know exactly why the Doha round of talks had been launched or what it hoped to achieve. Some wanted to leave the round on ice and concentrate on making the WTO function better, he said.

"This is a round that nobody wants. But it has become politically incorrect to suggest that continuous trade negotiations are not necessary," Rubens Ricupero, secretary-general of the United Nations Conference on Trade and Development (UNCTAD), told the same meeting.

Ricardo Melendez-Ortiz, executive director at the International Centre for Trade and Sustainable Development, said he expected what he termed the G4 of South Africa, Brazil, China and India to take a bigger role in any future trade talks.

Jeffrey Schott, senior fellow at the Institute for International Economics, said the status quo was untenable and the Doha talks had to go ahead.

The alternative to more multilateral trade liberalisation was a rise in exclusive bilateral deals and defensive regional groupings that would have the effect of closing markets and increasing protectionism to the detriment of all, he said.

5. Conference on global debt: Sydney 24 March

The \$500 billion question: The impact of debt on the poor: for Indonesia, Iraq and beyond.

Keynote Address: "The impact of developing country debt on poverty and the environment" by Peter Garrett AM, President of the Australian Conservation Foundation; Patron, Jubilee Australia.

When: Wednesday 24 March 2004. 9.00 am -3.30 pm.

Where: Mallesons Stephen Jaques, Level 60, Governor Philip Tower, Sydney

Cost : Government / business / academia: \$77.00
NGO/individual: \$44.00
Concession: \$22.00

RSVP: Monday 15 March

For more information contact Stewart Mills, ph. (02) 9299 2215; or email jubilee@ncca.org.au

6. Oxfam Community Aid Abroad Walk Against Want Sunday 21 March 2004

The Oxfam Community Aid Abroad Walk Against Want is a national event where people can raise money to reduce poverty and injustice in communities around the world. This year the Walk Against Want is on in over 80 locations around Australia on Sunday 21 March.

To register, call 1800 034 034, visit an Oxfam Community Aid Abroad Shop or register online at: www.caa.org.au/walk/