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Contents

1. Report of AFTINET rally and Parliamentary Committee hearings
2. Now is the time to lobby the ALP: AFTINET lobbying campaign
3. AFTINET media release: Government study on USFTA exaggerates gains and ignores costs
4. Impact of USFTA on pharmaceuticals in Australia
5. US trade deal won't have 'big effect' on investment
6. EU woos poor countries with tariff pledges
7. Public lecture Sydney 19 May: Feminism in a neo-liberal age

1. Report of AFTINET rally and Parliamentary Committee hearings

The two Parliamentary Committees holding inquiries into the USFTA are continuing their public hearings around the country. On 4 May the Senate Committee inquiry took evidence in Sydney, and AFTINET held a rally during the lunch break. We heard from Senator Conroy (ALP Shadow Trade Minister), Senator Ridgeway (Democrats Trade Spokesperson) and Senator Nettle (Greens Trade Spokesperson). Senator Ron Boswell from the National Party attended the rally and was given time to speak too. There was excellent attendance from the media, including SBS TV, ABC TV and several newspapers. Many thanks to all those AFTINET members who attended and brought banners and flags.

Attend one of the upcoming Committee hearings around Australia:

Dates for the Senate Committee's remaining hearings are below. Venues and times are yet to be announced. For more information contact the Committee:

Secretary, Mr Brenton Holmes (61+2) 6277 3527
or Ms Tanya Stacpoole (61+2) 6277 3163
Fax: (61+2) 6277 3830
Email: FTA@aph.gov.au

Senate Committee remaining hearing dates

17 May	9.00am – 4.30pm	Brisbane
18 May		Canberra
7 June		Melbourne
8 June		Adelaide
9 June		Perth

The final hearing of the Joint Standing Committee on Treaties will be on Friday 14 May in Committee Room 2R1, Parliament House, Canberra

2. Now is the time to lobby the ALP

The USFTA will not come into force unless implementing legislation is passed. The ALP has stated that it will not vote for this legislation unless the USFTA is in the national interest. The legislation will probably be introduced in August. We need to ensure that the ALP understands the importance of voting against this legislation. **Now is the time to organise your visit to your ALP Senators and Federal members.**

We are putting together a kit for AFTINET members to use in their visits. We will also be able to coordinate visits of NSW members, to try to cover as many electorates as possible. We will aim to do most visits in the last week of June and during July, when Parliament is not sitting.

If you can visit your politician, please contact us and we will send you a kit to help you.

If you live in NSW, we can also coordinate your visit with other AFTINET members in your electorate. AFTINET volunteer Marcel Savary will coordinate this project.

Contact: Marcel Savary or Louise Southalan on (02) 9299 7833 or email lsouthalan@piac.asn.au

3. AFTINET Media Release 4 May 2004

Government study on US Free Trade Agreement exaggerates gains and ignores costs, say public interest groups to Senate Inquiry

"The CIE study commissioned by the government about the economic impact of the proposed Free Trade Agreement is based on dubious assumptions that exaggerate possible gains and ignore costs," Dr Patricia Ranald, Principal Policy Officer at the Public Interest Advocacy Centre said today.

Dr Ranald convenes the Australian Fair Trade and Investment Network of 85 community organisations concerned about the impact of trade agreements on social policies. She will give evidence at 10.30 am today in Sydney at the Senate Select Committee into the USFTA at 123 Pitt Street. There will be a rally at 1pm outside the hearing where Senators Conroy (ALP), Ridgeway (Democrats) and Nettle (Greens) will speak.

"The study admits that economic gains from the USFTA are reduced because of far less than expected access to US agricultural markets. It tries to make up for these losses by assuming huge gains from investment liberalisation, based on what it admits is a 'back of the envelope' calculation," said Dr Ranald.

"Where the study admits there would be economic costs to Australia, such as delays in entry of generic medicines onto the market and greater copyright costs, these costs are not quantified and are effectively ignored," Dr Ranald explained.

"The study is simply wrong in asserting there will be no costs from changes to the Pharmaceutical Benefits Scheme which give drug companies the right to seek reviews of decisions," said Dr Ranald. "US Trade negotiator Robert Zoellick has told a US Senate Committee that drug companies can expect higher prices as a result of these changes."

"The study also ignores all the social costs and costs to democracy and culture of higher prices for medicines, limits on Australian content rules in new media and restrictions on the right of governments at all levels to make laws and policies on essential services like water," Dr Ranald added.

"We welcome the fact that the Senate Inquiry into the USFTA is conducting its own study that will make a more balanced assessment of the economic and social impacts of the USFTA."

4. Impact of USFTA on pharmaceuticals in Australia

Submission to the Senate Select Committee on the US Australia Free Trade Agreement from Professor Deter Drahos, Australian National University, Dr Thomas Faunce, ANU, Professor David Henry, University of Newcastle and Martyn Goddard, former consumer member of the Pharmaceutical Benefits Advisory Committee.

Executive summary

HIGHER DRUG PRICES

In a number of statements, government ministers have claimed that the US-Australia Free Trade Agreement will not have the effect of increasing drug prices and will not contribute to the long-term financial sustainability pressures on the Pharmaceutical Benefits Scheme. A close look at the FTA indicates that this is not the most likely outcome. The text of the Agreement is unbalanced and most of the measures increase the pricing power of US drug companies operating in Australia. It is inconceivable, based on past practice, that they will not make use of that new pricing power.

How much will this cost? American consumers, insurers and health programs pay two to three times as much for many important drugs as their Australian counterparts. Because most of the measures in the FTA apply to new drugs rather than existing ones, and because legislation will need to be enacted, regulations changed and new procedures put in place, there will be a substantial time-lag between the signing of the FTA and its full effect on prices. The full effect of the FTA on the pharmaceutical market is therefore unlikely to be felt for about five years.

By that time, however, it is plausible that the gap between US and Australian drug prices could be cut in half. We estimate, very conservatively, that Australia's PBS will have to pay at least one third more for its drugs with the FTA than without it. If the likely FTA effects are applied to 2003 figures, the extra cost to of the PBS to the government last year would have been around \$1.5 billion for the same drugs at the same levels of use and with no increase in the health benefit to Australian patients. Similar pressures would be felt by other buyers of prescription pharmaceuticals, particularly hospitals.

INTELLECTUAL PROPERTY MEASURES

Under the FTA, Australia is required to go much further in extending intellectual property rights than is required by our obligations under the existing rules of international trade. In a substantial number of measures, the previously accepted boundaries of the World Trade Organisation's Trade Related Aspects of Intellectual Property treaty have been pushed forward, greatly strengthening the power of the seller in the pharmaceutical marketplace.

The FTA concedes to the US standards on intellectual property rights (IPRs) that it would not have been able to obtain in the WTO or would have had to make considerable concessions to obtain. The FTA throws away IPRs as a bargaining tool in the WTO with respect to other countries, most notably Europe and Japan. In other words, Japanese and European IPR owners also benefit from the IPR chapter.

This agreement aids the US strategy of using FTAs to divide and conquer countries that are interested in agricultural trade liberalisation. Both Cairns Group members and G-20 members are agreeing to FTAs (in the latter case the price of the FTA is departure from the group) thereby undermining their effectiveness as collective entities in multilateral bargaining over agriculture.

A number of other countries have rejected US trade pressure to redefine intellectual property laws as they affect the American pharmaceutical industry. They have, instead, sought to protect competition and their own export industries. Canada, for instance, has legislation before its Parliament to offer generic drug companies export potential for medicines used in HIV/AIDS. By complying with US-developed standards rather than the accepted norms of global trade, Australia is throwing away substantial export opportunities.

5. US trade deal won't have 'big effect' on investment

The Australian

TUE 11 MAY 2004, Page 4

By Christine Wallace

CLAIMS that looser investment rules will lead to big gains for Australia from the US free trade agreement have been undermined in a report by the Department of Foreign Affairs and Trade.

Two-thirds of the \$6 billion-a-year extra annual output from the deal after a decade in operation, predicted in government-commissioned modelling by the Centre for International Economics last month, is expected to come from 'investment liberalisation'.

'By lowering the barriers to foreign direct investment, the equity risk premium associated with investing in Australia is likely to fall, thereby lowering the cost of capital in Australia and boosting investment,' the CIE says.

But foreign investment rules have a negligible effect, according to the DFAT analysis. 'Australia's commitments under the agreement with regard to screening of foreign investment are unlikely to have a major impact on US investment in Australia given the very few rejections of investment applications outside real estate,' the DFAT assessment says. It supports comments by trade economist Ross Garnaut last week to a parliamentary committee that potential gains from the deal had been massively overestimated.

Professor Garnaut singled out the claimed \$4 billion gain from investment liberalisation as being highly unlikely given that investment proposals already had an easy passage.

Opposition trade spokesman Stephen Conroy said yesterday the DFAT assessment increased the air of unreality surrounding the \$6 billion estimate of the FTA's benefits.

'The Government has rejected its own modelling's assertions that there are going to be big investment gains for Australia,' Senator Conroy said. 'This reinforces the concerns about the heroic assumptions made in the CIE report and its claimed benefits for Australia.'

6. EU woos poor countries with tariff pledges

Financial Times

By Tobias Buck in Brussels

May 4 2004

The European Union on Tuesday made a fresh attempt to win the support of the world's poorest countries for a global trade agreement by promising that Brussels would not ask them to lower their tariffs.

Pascal Lamy, the EU trade commissioner, said the poorest members of the World Trade Organisation would be able to reap the full benefits of a trade deal even without making a "significant contribution".

Mr Lamy's comments, in a speech at a trade conference in the Senegalese capital of Dakar, were intended to bring back to the negotiating table a group of about 90 poor countries located mainly in Africa, the Caribbean, South Asia and the Pacific.

Collectively known as the G90, these countries emerged as a powerful but volatile force in the current world trade round - and played an important role in the collapse of the WTO ministerial meeting in Cancún, Mexico, last September.

The G90 fear that their fragile economies will suffer if they are forced to dismantle their trade barriers. They are also worried that they will be unable to implement the technically more complex aspects of an agreement.

Mr Lamy sought to allay such fears on Tuesday by spelling out for the first time what type of concessions the EU would be looking for. He said that "it is clear that the countries of the G90 are not in a position to make a significant contribution".

Mr Lamy suggested that the G90 would not have to open their markets any further to foreign competition. They should merely sign up to an agreement on trade facilitation and agree to "bind" their import tariffs.

Bound tariffs refer to the level of import duties that a country has formally agreed not to exceed. Bringing these down to the level at which the tariffs are actually applied would therefore not lead to a reduction in tariff protection. However, Mr Lamy's request would prevent developing countries from raising their tariffs in the future and reduce their room for manoeuvre.

"The countries of the G90 should be able to benefit from all the results of the current negotiations in all the areas in return for consolidating tariffs and an agreement on trade facilitation," Mr Lamy said.

Both this request and an agreement on trade facilitation would face opposition from some developing countries, though the EU's demands had until recently gone much further and included deals on the protection of foreign investments, competition rules and transparency in government procurement.

Jaya Cuttaree, the Mauritian minister for foreign affairs and trade and a leading figure in the G90, welcomed Mr Lamy's comments as a "real step forward" that would help get the trade round back on track.

Kevin Watkins, research director at the development group Oxfam, agreed Mr Lamy's offer was "a step in the right direction". But he added that the commissioner had missed an opportunity to address other problems, for example "rules that make it difficult for poor countries to gain access to the EU market".

7. Public Lecture, Sydney 19 May

'Feminism in a neo-liberal age'

Judy Rebick, Canada

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Respondent: Eva Cox, UTS

When: 19 May, 6 pm

Where: Gallery Function Centre, Level 6, Tower Building, UTS Broadway

Access: Entry by donation, disabled access

Information: (02) 9514 2714, www.international.activism.uts.edu.au (click on 'new')

Judy Rebick is in Australia to attend the Brisbane Social Forum. Her visit to Sydney is supported by the Research Initiative on International Activism at UTS.

Judy Rebick is one of Canada's best-known feminist and socialist thinkers. She is a regular broadcaster for the Canada public broadcaster, the CBC. For years, she co-hosted a daily CBC television show called 'Face-off' (a hockey term): a half-hour of debate between leftists and rightists on current events. She is best known for her commentary on the status of women, and on alternatives to economic rationalism in Canada. Currently she publishes the web-based news service 'Rabble', a lively forum of critical politics. The magazine brings together a range of columnists, including Naomi Klein and Michele Landsberg, challenging mainstream media.