



AFTINET
Australian Fair Trade
& Investment Network Ltd

AFTINET Ltd
Level 1, 46-48 York Street
Sydney NSW 2000
Phone: 02 9299 7833
Fax: 02 9299 7855
Email: pranald@piac.asn.au
Website: www.aftinet.org.au
ABN 83 659 681 462
ACN 097 603 131

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."

**Contact Dr Patricia Ranald or Louise Southalan (work hours) 02 9299 7833
(outside work hours) 0419 695 841**