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## **MEDIA RELEASE**

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### **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.

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