

CPATH ♦ Center for Policy Analysis on Trade and Health

Bringing a Public Health Voice to Trade and Sustainable Development

The U.S.-Australia Free Trade Agreement Can Preempt Drug Reimportation Bills

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Over the last few weeks, CPATH's analysis has alerted Congress and the public that the U.S.-Australia Free Trade Agreement (FTA) would conflict with efforts to make prescription drugs more affordable for uninsured Americans and other vulnerable populations.

- The Office of the U.S. Trade Representative (USTR) has acknowledged that the Agreement would conflict with pending legislation to authorize reimportation of less expensive medications.
- Drug companies can challenge drug listing, purchasing and reimbursement decisions by the Department of Veterans Affairs, Medicare, Medicaid and other government authorities, which could lead to higher drug prices for the vulnerable populations affected.
- Health experts in Australia assert that several provisions of the Agreement would raise drug prices there. New transparency provisions provide greater leverage to the pharmaceutical industry to influence drug listing and pricing decisions. Other rules will delay the entry into the market by competing generic drug producers. This is contrary to trade policy, which generally seeks to lower prices internationally through market competition. The pharmaceutical industry has provided no assurance that U.S. drug prices will fall in return.

Trade agreements are increasingly being used to shape social and health policy in the U.S. and internationally, with no official representation by public health, and little notice by Congress and the public. **Congress has the opportunity to address these issues as the Australia FTA is debated.**

- 1. Trade agreements must not undermine Congress' right and responsibility to pass future legislation that would provide affordable medications for Americans**, and to protect current programs that offer affordable drugs, including through the Veterans Affairs Department, Medicare and Medicaid.
- 2. The provisions of the Australia FTA related to pharmaceuticals should not set a precedent** for future trade agreements (including the pharmaceuticals annex, government procurement and intellectual property sections).
- 3. The public health community must be officially represented in trade negotiations**, which should promote transparent, democratic decision-making. Congress, the USTR and the American public must be informed of the impact of trade agreements on the public's health.
- 4. U.S. policies should support enforceable commitments to advancing population health**, and to achieving access to affordable medications, health care, and other vital services in the U.S. and internationally.

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