



Level 3, Suite 3B, 110 Kippax St
Surry Hills, NSW, 2010
Phone: 02 9212 7242
Fax: 02 9211 1407
Email: campaign@aftinet.org.au
ACN 097 603 131
ABN 83 659 681 462
www.aftinet.org.au

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If you would like to contribute to the Bulletin, please contact Michele Freeman on campaign@aftinet.org.au or Phone (02) 9212 7242 Fax (02) 9211 1407

Previous AFTINET Bulletins and resources are available at www.aftinet.org.au.

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1. Event announcements

China Labour Activist Tour

AFTINET has organised Chinese labour rights activist Monina Wong to visit Australia from 23rd until the 27th July. Monina will visit Sydney, Canberra and Melbourne to exchange experiences about the impact of globalisation on workers in China especially female workers and those in export processing industries and the relationship to the proposed FTA with China. Further information will be available from AFTINET in the coming weeks. For more information please contact Lorissa at lorissa@aftinet.org.au.

What Have We Traded Away? A Look at the AUSFTA Two Years On.

AFTINET will be hosting a lunchtime seminar on the 4th July to coincide with the US and Australian Government's Joint Advisory Committee review of the AUSFTA.

The event will be held in the Jubilee Room at NSW Parliament House from 12.30 until 2pm and subjects covered include health, economics and culture. Cost will be

\$10 and this will include lunch. Invitations will be distributed closer to the event. For more information please contact Lorissa at lorissa@aftinet.org.au.

Alternative APEC events

As you may be aware AFTINET has convened a broad coalition of groups to work together on a public forum and conference to coincide with the APEC meetings to be held in Sydney in September.

The events will examine the impact of APEC's free trade agenda in the Asia Pacific region on labour rights, human rights and development, and climate change and the environment. The events will be peaceful, high profile and intelligent presentations of alternative ideas to the APEC vision. For more information please contact Michele at campaign@aftinet.org.au.

Public forum – Sydney Town Hall, 6pm Friday 31 August.

Featuring Sharan Burrow, President of the Australian Council of Trade Unions and President of the Global Unions' International Trade Union Congress.

Conference – University of Technology, Saturday 1 September.

Plenary sessions, workshops, information stalls and activities.

Call for volunteers

AFTINET is looking for volunteers in the lead up to and on the days of these events. Interested people who can assist our work on these dates should contact Michele Freeman on campaign@aftinet.org.au

2. AUSFTA pressures drive changes to PBS policy

Dr Patricia Ranald

Health Minister Abbott introduced legislation on May 24 proposing changes to the Pharmaceutical Benefits Scheme (PBS) that he claims will lead to savings for the government of \$580 million over four years. These savings are due to lower wholesale prices paid by the government for generic versions of some common medicines with expired patents. Some of these lower costs will be passed on to consumers through reductions in the PBS subsidized prices we pay at the chemist, currently \$4.90 for pensioners and \$30.70 for others.

But hidden behind these trumpeted savings is an important change to the pricing of new medicines that are patented, which will mean that pharmaceutical companies can charge very high prices for them. The PBS has in the past kept the wholesale prices of medicines low by comparing the cost of new medicines with the cost of existing medicines with the same health outcomes, known as reference pricing. Prices in Australia are three to ten times lower than in the US because of this policy. Pharmaceutical companies and the US government argued that reference pricing

was a violation of their intellectual property rights when the AUSFTA was negotiated, and have lobbied for changes both in public through the media and through the joint US-Australia Medicines Working Group set up under the AUSFTA. AFTINET has obtained some papers through a Freedom of Information application that shows that such changes were discussed at the Medicines Working Group in January 2006, well before they were first announced by the government in November 2006.

The legislation introduces a new category of medicines known as F1, which will not be subject to reference pricing, and for which the government will pay much higher prices. This is a change that the pharmaceutical companies and the US government have strongly supported. The government calculates that the reductions in price for generic medicines will outweigh the higher prices for new medicines, but this may not be case in future.

Moreover, some of the higher costs of new medicines to the government may be passed on to consumers. Over the last few years, pharmaceutical companies have been allowed to charge “special patient contributions” and “brand premiums” for PBS medicines on top of the usual PBS subsidized prices paid at the chemist. These can range from a few dollars to hundreds. Health academic Dr Lesley Russell in an article published in **the Age** on May 8, 2007, estimated that extra charges now applied to one in every six PBS medicines. In some cases, doctors can get an exemption from these extra charges for patients if they show that there is a specific medical need for that drug rather than a cheaper one. But not all doctors do this, and there are no figures on how many patients are actually paying the extra charges.

The PBS Bill section 85b (4), (page 8 of the explanatory memorandum), states that the Special Patient Contribution will be imposed where the Minister and the drug company have been unable to reach agreement about prices.

The patient would have to pay this except “in very special circumstances” where a doctor certifies that other cheaper brands are not suitable. This is a development which could undermine the principle of uniform affordable prices for medicines through the PBS.

What we do know is that many Australians are missing out on prescription drugs and other health care because of rising costs. A recent international study by the Commonwealth Fund health policy think tank found that 34% of Australians have not filled a prescription, or have not had recommended tests, or failed to see a doctor, because of costs. In the UK that figure is only 13%, and in Canada it is 26% (www.pharmacydaily.com.au, May 18, 2007).

AFTINET is working with health and consumer groups to analyse the legislation, which is likely to be referred to a Senate Committee for review over the next few weeks. We will provide more information and may ask members to send a strong message to the government against undermining of the PBS.

3. Free trade talks

Gulf Cooperation Council

Australia's negotiating team met with representative from the Gulf Cooperation Council on a potential FTA on 2nd May in Riyadh. Both parties acknowledged their desire to develop an *"ambitious FTA which is comprehensive, has WTO-plus outcomes for goods and services and is completed as a single undertaking, within a reasonable timeframe..... we would like to conclude as expeditiously as possible"*.

The first round of negotiations will begin in Australia in July with a second round in late 2007. These negotiations will cover issues including market access for goods and services.

DFAT have asked for submissions from industry however it is important that all stakeholders and community concerns are considered and submitted to the negotiating team. AFTNET has already made a submission and encourage others to do the same. Submissions need not be lengthy and may build on, or refer to, previous submissions provided for Australia's FTA negotiations.

For more information or to obtain updates on the negotiations, please visit the DFAT website: www.dfat.gov.au/trade/fta/gcc or email gccfta@dfat.gov.au.

South Korea

Australia and South Korea will begin a joint study this year on a possible FTA. Korea's Deputy Trade Minister Kim Han-soo, responding to the federation's request for a quick start to talks with Australia, said *"a cautious approach is needed"* because of sensitive agricultural sectors.

South Korea managed to exclude its culturally sensitive rice sector from the US talks but pledged to open its beef market wider to US exports, a move which could hurt Australian farmers.

Australia is South Korea's eighth largest trading partner with two-way trade reaching some \$US14 billion (\$A17 billion) a year.

Exports account for more than 70 per cent of South Korea's gross domestic product and the government has been pushing aggressively for deals. It has signed FTAs with Chile and Singapore. One with the Association of Southeast Asian Nations, excluding Thailand, will take effect on June 1. Thailand, the world's top rice exporter, refused to join the agreement to protest at South Korea's insistence on excluding rice.

4. US Democrats Compromise on trade.

US Democrats and Republicans recently announced they had reached a compromise on trade. This bargain does include strong new language calling for enforceable labour and environmental rights however this language would only apply to FTAs pending between the US and Peru and Panama and this deal is only for

George W Bush, the next President will negotiate a new deal with Congress. To obtain a genuine agreement Bush would have to commit to the same labour/environmental rules for the Doha round at the WTO.

A recent article in The Nation suggests the following could be done to address these concerns: *“First, cap the swollen US trade deficits and develop a more balanced international trade regime. Second use the tax code to get control of US multinationals and force them to align with the nation’s economic interests. Third, force the reform of one sided international institutions like the WTO and IMF so they will serve people and societies, not just capital and corporations. Fourth continue the long term struggle to enact trade rules for people of all nations – protecting labour, the environment, economic equity and other progressive values.*

5. Victory for Brazil on drugs patent

Brazil has decided to break the patent on an AIDS drug made by U.S company Merck, and import a generic version from India instead. Brazilian President Luiz Inacio Lula da Silva complained his country was paying more than double the price Thailand was being charged for the drug Efavirenz. *“it is not possible for someone to get rich out of others’ misery, it is disrespectful, as if a sick Brazilian was inferior.”*

This move is allowed under the WTO’s TRIPS agreement, which allows developing countries to disregard patent rules in favour of public health.

Brazil is the only country in the southern hemisphere to give free AIDS drugs to all Brazilians in a programme lauded by the UN.

Supplying a patient Efavirenz for one year currently costs Brazil \$US580 compared with \$US166 for a similar generic drug.

This is an interesting development for Australia as the government is currently overhauling the PBS system as a result of the AUSFTA.

6. Victoria may lift ban on GM produce

Under pressure from the Federal Government and the National Farmers Federation it seems likely that Victoria will not renew its ban on GM food produce which expires in February 2008. Both parties argue that GM crops will mean greater yields, require less water and claim there is no risk associated with growing the crops.

The Network of Concerned Farmers and Greenpeace however disagree claiming the lifting of this bans removes choice from farmers and consumers as GM crops can easily contaminate conventional and organic farms. They also claim the much lauded benefits have not been scientifically proven.

The US is presently the largest producer of GM produce where 75 per cent of all processed foods feature a GM ingredient.

GM supporters claim that GM produce could assist developing countries through a greater availability of food which is cheaper to grow and holds extra vitamins and

minerals. Critics however argue that food shortages in these countries have more to do with politics and economics, whereby growing different crops (ie pumpkin rather than rice) could address these issues, and without any long terms studies on the effect of GM produce on humans these countries should not become completely reliant.

Agribusiness is at the forefront of the promotion of GM produce and stand to gain the most. *"To have politicians that should know better, claiming that Australian farmers are missing out on traits like drought or salt tolerance and high yields is deliberately misleading and we need to ask why."*

"The beneficiaries of GM crops are the patent holders, the GM companies, the seed industry, the research sector and the governments who are encouraging corporate investment into research and development and planning to cash in on the technology patents they currently own," explained Julie Newman of the Network of Concerned Farmers

As Jason Koutsoukis said in the Sunday Age *"To ask ask Big Agribusiness about GM is a little like consulting Big Tobacco about the risks of smoking"*.

7. Starbucks Strike Deal with Ethiopia

Starbucks and the Ethiopian government look set to agree to a deal which will allow Ethiopia to trademark three of its speciality coffees. Oxfam have lobbied Starbucks to make this agreement.

Starbucks is a global monolith with further expansion plans to increase the number of the company's coffee houses from 13,700 in 39 countries to 40,000. In 2006 the company had a \$2.26 billion turnover. Rival coffee companies have recently begun marketing fair trade and organic coffees that cooperate with Ethiopia leaving Starbucks with little choice but to make the concession.

The Ethiopian government is concerned that as with most of the world's commodities the big profits accrue to the retailers and traders with little of the \$4 a western consumer pays for a coffee being seen by the coffee growers. Ethiopian coffee labourers earn around 50 cents a day and approximately 11 million Ethiopians rely on coffee for their livelihoods.

Starbucks has previously enjoyed a sound reputation through its Fair Trade associations and farmer conscious guidelines however it originally rejected the trademark plan.

Coffee historian Antony Wild, author of "Coffee, A Dark History", told US organisation CorpWatch that the proportion of the price of a cup of coffee is so small that even if farmers received 1,000 per cent more, the price in the coffee shop would rise only 5 per cent.

Ron Layton, a Washington DC attorney with the organisation Light Years IP, who has been working with the Ethiopians on the coffee scheme, commented: *"It's all a question of power-play."*

Layton says that quality coffees are coming into their own, but that producers have not gained much from them. His organisation suggests about 45 per cent of the high prices charged by retailers of gourmet coffees should be returned to growers: Ethiopia receives around 6 per cent.

Trademarking could change that (which is why the Ethiopian experiment is being watched by other producers, and other commodities, around the world). Layton estimates that it could earn Ethiopia an extra \$88 million a year - a significant gain for a country the United Nations Development Programme ranks as the eighth poorest in the world.

8. Fairtrade Sales Skyrocket

A rise in ethical shopping has seen sales of Fairtrade products in Australia skyrocket, helping to improve the lives of farmers in poorer countries.

Food items such as coffee and tea are sourced from developing countries and sold under the Fairtrade label in Australia.

Oxfam Australia says the farmers' families and communities lives have improved as a result of the decent prices being paid for their product.

"Farmers receive a more reliable price than the usual arrangement and have a better chance of gaining access to better health care and education," Oxfam Australia executive director Andrew Hewett said. *"This increases the seller's bargaining power, income and quality of life.....and consumers can have confidence that what they are buying is not ripping off the producers,"* Mr Hewett said.

According to Oxfam, the total value of Australia's Fairtrade retail sales in 2003 was \$146,000, but the market is worth at least \$8 million.

Mr Hewett said major stores such as Coles supermarkets are selling Fairtrade products and boosting sales.

9. Jubilee Australia is currently seeking applications for the National Coordinator Position

- *Innovative research and campaigning for structural change*
- *Lead a dedicated team of staff and volunteers*
- *Four-day/week part-time position*

Would you like to work in one of the country's most challenging and rewarding international human rights advocacy roles? Jubilee Australia, based in the Sydney CBD, is recruiting for the vital, demanding and rewarding position of National Coordinator. The National Coordinator must not only bring a special energy to the role but also possess a variety of abilities. S/he will have high quality research skills, be a persuasive advocate and communicator, be capable of making strategic

campaign decisions, and of leading and motivating a talented team consisting largely of volunteers.

Applications due COB 11 June. For more information go to:

http://www.jubileeaustralia.org/files/730_reports/National%20Coordinator.pdf