

AFTINET Bulletin No. 138
July 2007

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1. Farewell to Michele and welcome temporary campaigner Melissa Vogt

Michele Freeman is leaving on July 20, and we thank her for her contribution to AFTINET. The campaigner position will be advertised but it will take at least six weeks to fill the position on a long term basis. In the meantime, Melissa Vogt from Fairwear has kindly agreed to on a part time temporary basis for AFTINET, especially on the organisation of the APEC events. Lorissa Barrett will also continue to work part time during this period, before departing for an overseas trip in September.

2. Coming Events

Chinese Labour Activist Tour

AFTINET has organised Chinese labour rights activist Monina Wong to visit Australia from 23rd until the 27th July. Monina will share experiences about the impact of globalisation on workers in China especially female workers in export processing industries and the implications of the proposed Australia – China Free Trade Agreement.

Public meetings will be held in Sydney and Melbourne to discuss the impacts of globalisation without guarantees of labour rights and environmental protections.

Sydney - Tuesday 24th July 2007 6.30pm, Tom Mann Theatre, 136 Chalmers Street, Surry Hills (south of Central Station)

Melbourne - Wednesday 25th July 2007 6.30pm Bob Hawke Room ACTU Building Level 4, 365 Queen Street Melbourne

Speakers include; Monina Wong, Labour Action China, Sophie Peer, Amnesty International (Syd), Paul Bastian, State Secretary, AMWU (Syd) and Dave Oliver, National Secretary, AMWU (Melb), Liz Thompson, FairWear (Melb), Michael Butler, Victorian President, Amnesty International (Melb).

For more information please contact Lorissa at lorissa@aftinet.org.au.

APEC

The Asia Pacific Economic Cooperation Forum (APEC) meeting of the leaders of 21 countries is to be held in Sydney in September 2007.

APEC lacks democratic involvement and has always resisted formal engagement with civil society groups. However a broad coalition of community groups is organising a public

forum and conference in Sydney under the banner of 'Asia Pacific People for Environment and Community (APPEC) – putting people into APEC'.

Please note that the Town Hall has suddenly cancelled all bookings because of renovations, and we have now booked the Masonic Centre in Gouburn St. An separate electronic message and a leaflet with this change will be sent to all members and placed on the website. Please circulate this change if you have already publicised the meeting.

Public forum 5.30 for 6.30 pm Friday 31 August.

University of Technology, Guthrie Theatre, Design Building (Building 6), Harris St entrance (near the ABC building and near the overhead footbridge)

Featuring: Sharan Burrow, President of the Australian Council of Trade Unions and President of the Global Unions' International Trade Union Confederation. Yuri Munsayac, (Philippines), Asia Pacific for Human Development, Don Henry, President, Australian Conservation Foundation. Hosted by Tim Brunero, former star of Big Brother and Journalist.

Conference – University of Technology, 9.30am – 4pm Saturday 1 September. Guthrie Theatre, Design Building (Building 6), Harris St entrance (near the ABC building and near the overhead footbridge)

Plenary sessions, workshops, information stalls, documentary screenings and activities.

Featuring:

Dr Mark Diesendorf, University of NSW; Professor Jane Kelsey, (New Zealand), University of Auckland and Action Resource Education Network of Aotearoa (ARENA); John Sutton, National Secretary, Construction Forestry Mining Energy Union; Elmer Labog, Chairperson Kilusang Mayo Uno (KMU – May First Movement) Labor Center, Philippines.

3. Pharmaceutical Benefits Scheme (PBS) change legislation passed

As reported in the last Bulletin, the government has used its majority in both houses of Parliament to push through changes to the PBS which could lead to increased prices for some new medicines. These changes stop the price of some new medicines from being compared with the prices of existing medicines with the same health outcomes. This is a change that the US government and drug companies wanted as part of the Australia-US Free Trade Agreement (AUSFTA), and that they have pushed through the Joint Medicines Working Party set up under the agreement. The price increases are hidden behind other changes that will mean reduced prices for generic medicines whose patents have expired, and allows the government to claim that there will be overall savings.

AFTINET worked with health academics and consumer groups in the absurdly short time allowed for debate to lobby the ALP, Democrats and Greens about the dangers, achieved some media publicity, and ensured that the issues were debated in parliament. This succeeded in getting one amendment, to review the impact of the legislation on medicine prices.

Below are two media articles that explain the link with the AUSFTA, AFTINET's role and some of the Parliamentary debate.

PBS changes pass Senate

AAP Political News Wed 20 Jun 2007

Generic drug makers will receive less money from the federal government under changes to Australia's Pharmaceutical Benefits Scheme.

The overhaul, approved by parliament today, will not affect the price tag of \$30.50 most Australians pay for a majority of subsidised medicines, though it could reduce the price of some generic drugs.

The legislation will cut by 25 per cent the price the government pays for generic medicines from August 2008, a move expected to reduce undisclosed payments that drug companies make to pharmacists.

Until now, the price the government has paid for generic drugs has been artificially inflated by deals drug companies have made with chemists.

From 2012, the government will require drug companies to disclose the price they are charging pharmacists - under penalty of having their products removed from the PBS or being fined \$30,000.

Pharmacists are being compensated about \$1.1 billion over four years for losing the discounts.

The reforms include ceasing the linking of brand-name drug prices to those of generic medicines, but prices for drugs that have only one brand will not change.

Generic drug makers have expressed concerns about the impact of the bill, and the government has pledged to embark on an advertising campaign encouraging Australians to use the cheaper medicines.

It estimates the changes will save taxpayers \$3 billion over 10 years.

Labor says the change is designed to placate US drug companies who dislike Australia's public funding of medicines under the Pharmaceutical Benefits Scheme and wanted medicines open to free trade.

"There is now a real suspicion that the most significant changes to the PBS proposed in this bill have been driven by a need for the Australian government to appease US interests following Australia's signing of the free trade agreement with America," ALP senator Glenn Sterle told parliament.

"We should be under no illusion: the pressure is on from the US drug manufacturers to bring about an increase in the price of PBS medicines in Australia."

Parliamentary Secretary for Health Brett Mason denied the reforms had anything to do with the free trade agreement.

"There's no conspiracy, indeed no link," he said.

"The changes to the PBS effected through PBS reform are clearly a matter of domestic policy and were designed to create budgetary headroom for the listing of new medicines and increasing the transparency of the marketing arrangements used by companies where medicines are subject to competition.

"That's the policy intention."

Australian Greens leader Bob Brown said US drug companies earned among the biggest profits of any corporations and wanted reference pricing for drugs abolished.

"We're seeing the corporate philosophy have a win with this legislation," he said.

Labor frontbencher Jan McLucas questioned the government's assertion that the bill would deliver massive savings.

"Labor has been trying for months to uncover exactly where these savings will be drawn, without success," she said.

“The government is hiding behind the general idea of savings without explaining that the savings are to government and not to consumers or might even, in the worst case scenario, be at the expense of the consumer.”

The bill was passed with one amendment requiring the health minister report on the impact of the changes on pharmaceutical costs.

A dubious and secret influence on our public health policy

Thomas Faunce, senior lecturer in the medical school and the college of law at the Australian National University.

The Age, June 13, 2007

Australians have a natural dislike of faceless people making major government policy decisions. Such activity seems to run counter to core principles about how a democracy should operate. Yet, this is what appears to have happened with the Medicines Working Group, established under the free trade agreement between Australia and the United States.

There is no doubt the working group has played a significant role in creating the controversial changes to reference pricing arrangements for patented medicines under the Pharmaceutical Benefits Scheme, now in legislation before the Senate. Yet no information has been released to the public about the content of the discussions on such subjects between high-level US and Australian officials that have taken place in January 2006 and most recently in April 2007.

Remember how in 2004 we were told that the PBS would never be included in the free trade agreement? Then, after we discovered it had been included almost from the start of negotiations, we were informed that no fundamental aspects of PBS processes would change as a result.

In the fuss over the passage of the so-called “anti-evergreening” amendments, little concern was expressed about the creation of the Medicines Working Group.

Yet, it must surely be a strange thing (even in this age where the interests of state and the private interests of market so readily coalesce) to basically outsource policy development on medicines to such a body.

Of course, we are told that the working group has just been established to facilitate mutually beneficial discussions and that the body has no policy development role. How can we be sure of that when no minutes of its meetings have been released to the public?

A freedom of information application made by Pat Ranald of the Australian Fair Trade and Investment Network has revealed almost nothing about the group’s deliberations, just pages of blacked-out minutes.

This has worried those who have studied the area. We knew that US negotiators to the trade agreement had been required by legislation to seek the “elimination” of reference pricing under the PBS. We also knew that the US Government had commissioned a study arguing that reference pricing should be “eliminated” from all OECD countries.

Yet, one thing that was disclosed in the freedom of information application about the meetings was an editorial from *The Australian* newspaper. The fact that the group discussed this is remarkable, chiefly for the fact that the editorial proposed the exact form of policy that has now been incorporated in the F1 changes to the PBS.

The editorial argued that new patented medicines should not have their claims to “innovation” assessed by comparison against cheap generic medicines, an approach that is

fundamentally that of the US medicines negotiators to Annex 2C (on pharmaceuticals) of the agreement.

It involved assessing innovation chiefly through the operation of markets nominally called “competitive” but readily distorted by collusion, intellectual monopoly privileges and advertising.

This is what the new F1 PBS category for patented single brand medicines is on the way to achieving.

Australia’s approach, expressed clearly in Annex 2C of the free trade agreement, was to value pharmaceutical innovation scientifically through expert assessment of its “objectively demonstrated therapeutic significance”. This is the task of the existing Pharmaceutical Benefits Advisory Committee. It is a crucial part of such transparent, evidence-based assessment that new patented products be assessed for innovation against all available therapies, generic or even non-medical, for the same main clinical indication. If a new drug can’t prove that it works better and is safer for a reasonable price difference than an existing generic competitor, why should the community have to pay more over time for its technical molecular flamboyance or associated advertising?

Surely we have a right to see that such an evidence-based Australian position, so contrary to that of the US, is being upheld in the group discussions. How can we do so if we have no idea what type of discussions and possibly deals are taking place?

Why would the US go to so much trouble to establish such a body, when informal discussions must take place all the time between health policy officials in both nations?

Reassurances that the Medicines Working Group has no policy role disrespect the Australian people who, after all, voted for the PBS in a 1946 constitutional referendum.

It is of further concern that the working group has reserved the right to discuss health policy matters outside those mentioned in the free trade agreement.

If it continues to do so in secrecy and without accountability, then its existence and operations should be exposed as a pernicious influence on the sovereignty and democratic foundations of health policy development in this country.

4. Our World Is Not For Sale - letter to Pascal Lamy pronouncing WTO Doha negotiations dead and seeking a fairer world trading system

Last week the US and the EU failed to reach agreement with India and Brazil on reductions in agricultural subsidies, as part of the WTO negotiations. Although there will be a final effort at new proposals in July, most commentators see no basis for agreement. AFTINET is part of the Our World is not for Sale Network of hundreds of civil society groups around the world, which sent the following letter to the WTO urging governments to take the opportunity to develop a fairer world trading system.

Mr Pascal Lamy
Director General
World Trade Organization
cc. Chairs of the WTO Negotiating Committees
cc. WTO Members’ Heads of Delegations in Geneva

Dear Director General Lamy,

As civil society organizations and social movements committed to building a multilateral trade system that is just, sustainable and democratic, we believe that the time has come to officially declare the Doha Round of the WTO negotiations dead and to provide the

necessary space to re-think the kind of multilateral trade rules that are needed to create employment and achieve sustainable development.

It is now almost six years since the Doha Agenda was launched in November 2001. What has followed since then is a litany of setbacks and/or failures — from the collapse of the Cancun ministerial in 2003, followed by the July framework cobbled together in 2004, then the desperate moves of the 2005 Hong Kong ministerial to breathe new life into the Doha agenda, which led to the suspension of the WTO negotiations in 2006 and now the recent breakdown of the G-4 talks in Potsdam.

Doha was supposed to be the ‘development’ round. But what has transpired over the intervening six years has been quite the opposite. Instead of coming up with a set of multilateral trade rules designed to increase the capacities of developing countries to create new jobs, eliminate poverty and build sustainable economies, the Doha Agenda has been manipulated to primarily serve the interests of the northern industrialized powers to expand market access for their transnational corporations.

All the studies that have come out since 2005 —from the World Bank, UNCTAD, the Food and Agriculture Organization (FAO), the Carnegie Endowment for International Peace, Tufts University and the Research and Information System for Developing Countries (RIS) — demonstrate that the current proposals for the Doha Agenda make developing countries, and particularly the poorest countries, the biggest losers. Millions of people all over the world, including farmers, fisherfolk, workers and trade unionists, environmentalists, faith-based groups and other civil society organizations, have been denouncing the Doha talks as promoting a “corporate-driven” model of trade that pays little attention to peoples’ rights and needs. Now, more than ever, world leaders must face up to the fact that the global trade regime has marginalized a vast array of communities and interests who have finally united to stop any further expansion of the system.

The Doha Agenda and Model have failed to increase the trust of WTO’s membership, let alone the public it is supposed to serve. Around the world, people have informed themselves and popular opinion has changed to the point where the WTO is suffocating from a crisis of legitimacy. And, no effort by free trade champions to “better educate” the public or adopt “quick fixes” can reverse this reality. Declaring the death of Doha does not mean the end of world trading system. Another multilateralism is possible, but not one that prioritizes the rights of corporations over the rights of people and the planet while reducing the power to self-govern.

We urge you to stop pushing countries to make further concessions and to acknowledge the failure of the Doha Round now. Furthermore, we call on you to institute a two year moratorium to provide the time and space necessary to re-think the model and process of global trade negotiations. It’s time to let governments go back home, and start a process of reflection and consultation with their peoples that can pave the way for a new and different model of multilateral trade. The only credible option now is to stimulate public discussion and debate with governments and civil society and social movements about creating alternative trade regimes that are people-development-environment centered.

5. The Great Labour Debate in China

John Sutton, National Secretary, Construction Forestry Mining & Energy Union

A major debate concerning wages and labour standards is unfolding in China that will ultimately have major ramifications for Australia and the whole world economy.

It used to be said when America sneezes Australia catches a cold. Whether Australians know it or not China is rapidly replacing America in this regard.

With China continuing to experience double digit economic growth, at current projections it will shortly surpass Japan as the world's second biggest economy and the US will be in their sights within 20 years.

So why should a debate about labour standards in China have any particular relevance to Australia?

Anyone involved in Australia's struggling manufacturing industry understands there is a direct impact on our viability.

Cheap labour in China is abundant with hundreds of millions of migrant peasants coming off the land and into the industrial cities and working in often appalling conditions. Wages at \$2 or \$3A per hour for many, short term casual work, frequent non-payment and lengthy delays in payment, dreadful safety and abundant work deaths – it's generally a bleak picture by Western standards.

The Chinese Government, the Communist Party leadership and the official trade unions (the ACFTU) are acutely conscious that the gross exploitation of the migrant peasant workers can't continue without there being serious social and ultimately political ramifications. This is an essential reason why new regulations are expected to be passed into law by the Peoples Congress next month.

While the new laws are expected to be passed, this is not a certainty and the laws may be delayed again due to heavy internal debate at the highest levels.

Over the last 12 months employers have been mobilising against the new laws- with the American Chamber of Commerce in the vanguard. They have been supported by employer lobbies from Japan, South Korea and Singapore. The European employer lobby also lent its muscle initially but has done the civilised European thing and by all accounts now accepts that the improvements are reasonable.

Not so with the US employers – more than 350 of the Fortune 500 companies now have production operations in China and they are using their strategic position in the burgeoning Chinese free-market sector to wield the big stick.

The American Chamber of Commerce through its Shanghai office has issued a 43 page lobbying document systematically criticising nearly all the changes that would lift working conditions, provide legal certainty for itinerant workers and go some way to providing secure employment.

The US employer arguments in totality are a collection of immoral, self-serving pleadings dressed up as legal and economic arguments about why the current position is preferable to change.

The key message coming through all the employer arguments is that if the Chinese Government makes tangible improvements that impact on the bottom line they will have to go looking elsewhere in the world to where labour costs are cheaper.

To some extent this is already underway with some countries in South-East Asia and places like Burma already attracting a lot of new foreign capital hungry for cheap, compliant labour.

The employer interests realise there is a real possibility that not only will the changes introduce some stability for the large working underclass, but they also stand to invigorate the sleeping giant, the All China Federation of Trade Unions. The ACFTU has around 160 million members but has struggled to adjust its role from the era of State Owned Enterprises to the new period where domestic and foreign capitalist employers now employ the bulk of Chinese workers.

Australians need to learn a lot more about this critical debate in China – its outcome will have a direct impact on us. The Australia union movement is starting to lend its voice to the push to lift standards in China and it will be interesting to see the official response from Australian employers and our Federal Government who they are so closely in alignment with.

Will greed and short term interests outweigh broader considerations about reasonable labour standards on a global basis? What about the political and strategic value of a sound relationship with China going forward?

Another fascinating aspect of the Chinese economic situation is that in the booming economy approximately 100 million Chinese, including large numbers of poorly paid workers, are investing in the stock market. How can this be? It goes like this:- Chinese workers mostly work very long hours and the savings accrued have to go somewhere. Bank interest is low and generally doesn't match inflation. Property is off limits to the working class with the estimated 200 million migrant peasant workers in such unstable employment the banks will not lend money for mortgages. So the accrued savings are going into the seriously overheated stock market. Asset prices on the Shanghai Stock Exchange in particular are wildly divergent from fundamental market value. Something is going to give.

Ironically the best way for Chinese capitalism to stabilise itself is to provide a new level of regularised employment including enforceable labour standards (with collective bargaining and even the right to strike one day).

If workers gain more stability and certainty, banks will lend and the Chinese working class will start to own private property on a vast scale. And of course money need not flow at unsustainable levels into the ballooning Chinese Stock Market.

These developments in China are beyond interesting – they represent a turning point in world economic and social history. I challenge the Australian employer movement to tell us where you stand, show us the colour of your money.

John Sutton is National Secretary of the CFMEU. He has just returned from China as a guest of the All China Federation of Trade Unions

6. Design it for Labour Rights! Competition

Oxfam wants your creative ideas! Here's your chance to get your hands dirty and come up with a design to get the labour rights message out as well as supporting Thai worker run co operatives! We want a bag designed and a graphic/picture for the bag.

**** This design competition is open now and closes 30th July. ****

We plan to have the bag manufactured by Thai cooperatives, where workers work together collectively and not in a sweatshop. Both cooperatives are inspiring stories, being set up by workers who were made redundant from their factories because they stood up for their legal rights. This bag and your design will support their co operative business. Entrants are welcome to submit designs for both the bag and the graphics or just for one or the other. The design briefs will be on our website shortly.

Please visit www.oxfam.org.au/labour and follow link to the competition.

Contact daisyg@oxfam.org.au for more info or to get the competition brief.

The winning designs will be available to buy in Oxfam shops all around Australia and for sale online. Please forward these competition details onto people you think might be interested in submitting a design. We look forward to your entries!