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Keep medicines affordable

A Free Trade Agreement with the US threatens access to medicines

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The Pharmaceutical Benefits Scheme (PBS) has been recognised as the best drug pricing system in the world because it allows the prices of medicines to be kept affordable. It works because the government regulates the prices paid to the pharmaceutical companies for drugs, generally based on the price of the cheapest equivalent drug. This is called 'reference pricing'. The government then subsidises the costs of drugs to make them affordable for Australians.

Australia and the US are negotiating a Free Trade Agreement (USFTA). The US Under Secretary of Commerce, Grant Aldonas, has confirmed that the US wants to change the reference pricing to stop the PBS 'undercutting' the rights of US drug companies ('US wants reform of 'unfair' PBS', *The Australian Financial Review*, 13 August 2003). Australia's Minister for Trade, Mark Vaile, has refused to rule out trading away the reference pricing system in the USFTA negotiations.

The Australia Institute has compared wholesale prices in the US and Australia for popular brands in five important therapeutic groups. If the US is successful in removing reference pricing, prices of medicines in Australia will rise significantly.

Wholesale prices for brands in important therapeutic groups in Australia and the USA The Australia Institute

Use	Drug	Wholesale price in the USA \$A	Wholesale price in Australia \$A	Excess of US price over Australia %
Antibiotic	KEFLEX cephalixin 500mg	\$89.83	\$7.21	1146%
Diuretic	LASIX frusemide 20mg	\$18.69	\$4.15	351%
Anxiety	VALIUM diazepam 5mg	\$36.37	\$3.27	1011%
Breast cancer	NOLVADEX tamoxifen 20mg	\$208.33	\$71.00	193%
Contraceptive pill	LEVLEN ED estradiol/levonorgestrel	\$39.15	\$9.49	312%

The Australia Institute (2003) 'Comparing Drug Prices in Australia and the USA: The implications of the US-Australia Free Trade Agreement' 25 July 2003. See the full report for explanation of methodology used and explanatory notes.

http://www.tai.org.au/WhatsNew_Files/Whats_New.htm

Join the campaign

The Australian Fair Trade and Investment Network (AFTINET) is a national network of 73 community organisations and many more individuals campaigning for fair trade. We organise public events, community education and advocacy. Send the letter on the other side of this leaflet to the Trade Minister. Visit our website or contact us for more information and to join the campaign.