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HEADLINE: Support From US To Leave Drugs Out Of Trade Talks  
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BODY:

President George Bush has been urged by influential congressmen to quarantine pharmaceuticals from the negotiation of a US-Australia free-trade agreement because they want to introduce a similar scheme to Australia's subsidised pharmaceutical benefits scheme.

The congressmen asked Mr Bush specifically to ignore demands by the powerful pharmaceuticals industry to subject Australia's PBS to negotiations under the FTA because it was an allegedly unfair trade practice.

"By their nature, trade agreements compel reciprocal treatment of policies and regulations," the congressmen wrote in a letter dated October 17 as Mr Bush was leaving for Asia.

"Thus we are concerned that inclusion of any provision in the US-Australia FTA that targets the ability to evaluate drug cost-effectiveness under the PBS would have a chilling effect on efforts to establish similar mechanisms in the US."

The intervention, by the bipartisan group of seven congressmen, is an important development since it will bolster Australian opposition to any tampering with the PBS scheme under an FTA.

The seven members of Congress, including Republicans Doug Bereuter and Jo Ann Emerson along with Democrat Henry Waxman, are co-sponsors of a bill that seeks to adopt a similar "reference price" system for prescription medicines employed in Australia.

Under the PBS, the government ties the price it pays for imported drugs to the lowest price charged for similar medicine, thus ensuring a check is maintained on costs.

The congressmen's plea to Mr Bush coincides with the resumption of FTA negotiations in Canberra in what officials hope will be the preparation for a final push in a fifth round to be held in Washington in December.

Mr Bush's talks with Mr Howard are being viewed as an opportunity to energise the negotiations under a pressured timetable, which is supposed to end by the end of the year. The agreement would then go to Congress for a statutory period of 90 days before being voted on.

The congressmen said that "specifically, we want to ensure that the FTA does not weaken Australia's ability to evaluate the comparative effectiveness of pharmaceuticals, which in turn could hinder efforts to establish similar programs in the US".

Congress has before it a \$US400 billion (\$572 billion) bill that would add prescription drugs to Medicare as an entitlement, but the legislation does not include a reference pricing system such as that used in Australia.

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