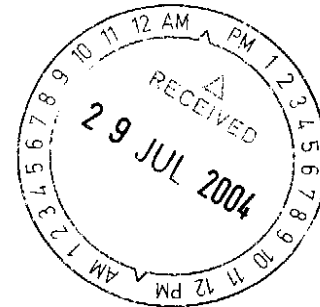


Secretary
Senate Select Committee on the Free Trade Agreement
between Australia and the United States of America
Suite S1.30.1
The Senate
Parliament House
Canberra ACT 2600
AUSTRALIA



July 28, 2004

Dear Secretary,

I would like my name withheld from publication of this submission to the Senate Select Committee on the Free Trade Agreement (FTA) between Australia and the United States of America.

I am an expatriate Australian citizen who is a resident of the United States. I have children who hold dual nationality. In general it is in my interests to see that Australia and the US have freer movement of goods, capital and people between the two countries.

My submission relates to section (2) (c) of your terms of reference. There are some aspects of this particular free trade agreement that, if approved, will manifest itself within a few years as significantly detrimental to primarily Australia's interests, but also to the US.

The FTA supports changes to the administration of the Pharmaceutical Benefits Scheme (PBS) in Australia which provide commercial benefit to US pharmaceutical companies at the expense of the Australian public.

In response to a letter I wrote the Hon. Mark Vaile, Trade Minister, in March 2003, he replied that there would be no adverse impact to Australia's PBS. Press reports and my own observations of the US Health Care system and pharmaceutical lobbying suggests otherwise. I would like to draw your attention to the following:

1. It was reported in the Sydney Morning Herald on July 27, 2004 that two senior trade negotiators for the FTA in the US have accepted private employment with two large pharmaceutical companies.
2. Pharmaceutical companies under the FTA are allowed to now challenge PBAC recommendations on effectiveness of any particular pharmaceutical drug
3. Pharmaceutical companies under the FTA can challenge the expiration of drug patents for costly pharmaceuticals in Australian courts, thus delaying the introduction of generic drugs at a fraction of the price by up to two years or more. This will ultimately raise the cost of administering the PBS to taxpayers in Australia.

4. Pharmaceutical companies under the FTA must now be notified if a manufacturer wishes to introduce a generic version of a similar patented drug. This gives pharmaceutical companies an unfair competitive advantage, and allows them to gear up their marketing, legal and lobbying teams to address the threat of a cheaper product.
5. In Oregon, the state where I live, in 2001 Governor John Kitzhaber MD, a former emergency room surgeon, attempted to introduce Oregon's equivalent of a PBS, the Oregon Drug Formulary. The Drug Formulary was to be made part of the Oregon Health Plan, a state-funded health insurance program for working poor and children. This incensed and threatened PHARMA, the pharmaceutical lobby group. They sent no fewer than 20 lobbyists to the state capital to kill the bill before the legislature. In the end some "fuzzy math", diversionary lobbying practices and splinter groups effectively ended the bill in the Oregon House of Representatives for the time being.
6. On a personal level, my family health care insurance costs me \$US 1000 per month. This is an employer subsidized non-taxable contribution I make to cover medical and dental. This is a fairly normal health insurance premium in the US. I still have a co-pay of \$US20 every time someone in my family visits a doctor or gets a prescription filled. This is the absurdity of the US Health Care system. Australians cannot afford to pay \$12,000 per year for medical and dental health insurance.

I strongly urge the Australian Senate NOT to approve the FTA with the pharmaceutical agreements as it stands. Australia wants the benefits of free trade, not the costs of American health care.

Yours sincerely,