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## **US trade deal raises prescriptions**

**By Peter Mitchell in Los Angeles**

THE free trade agreement with the United States would lead to Australians paying 30 per cent more for prescription drugs, a leading American academic warned today.

Kevin Outterson, a law professor at the University of West Virginia and an expert on international drug pricing, believes Australia received a raw deal on pharmaceuticals in the FTA.

"Australia got nothing on the pharmaceutical deal," Professor Outterson said.

"It's exclusively to the United States' benefit."

Prime Minister John Howard said today Australians would not pay more for medicines because of the FTA.

"The free trade agreement does not affect in any way the operation of the Pharmaceutical Benefits Scheme," he told radio 2UE.

"I am aware of the concerns and I was very much addressing them when the negotiations were going on and this proposition about the Pharmaceutical Benefits Scheme is just wrong."

Professor Outterson describes Australia's present Pharmaceutical Benefits Scheme (PBS) as a "gold-standard model for the rest of the world".

"Australia has lower prices and a more functional and complete system than anyone else and that's exactly why the drug companies want to shut it down, because it is such an outstanding model," Professor Outterson said.

"The FTA is designed to gum up the works on a very efficient, thoughtful system, that many of us wish we could import into the US."

Americans now pay about one-third to 50 per cent more for leading prescription drugs than Australians, according to research by Professor Outterson.

For a 30-day supply of the cholesterol-reducing drug Lipitor (30mg), Australians pay about \$US42.92. Americans, for the same quantity, are charged about \$US94.57.

For 30 200mg capsules of the pain reliever Celebrex, Australians pay \$US24.97, while in the US it costs \$US76.09.

A West Virginia state commission of which Professor Outterson is a member, is looking at introducing a system to the state similar to Australia's PBS.

The PBS is an Australian government scheme subsidising the cost of many prescription medicines.

"It seems a beautiful, gold-standard model for the rest of the world and I am troubled by US trade representatives utilising the FTA to attack it just when our own domestic states are beginning to evaluate it and possibly embrace it," Professor Outterson said

The academic predicts the FTA will have little impact on the cost of prescription drugs in Australia in "the next year or two".

But, he believes prices will rise about 30 per cent in five years.

"The real cost will become evident three to four to five years out and at that time it will be too late," he said.

"The FTA will be firmly ensconced."

Australian Trade Minister Mark Vaile and US trade representative Robert Zoellick signed the FTA in Washington DC yesterday.

US manufacturing and pharmaceutical companies support the deal, although US farmers have voiced opposition.

Professor Outterson has concerns about the overall agreement.

"If you and I wanted to write a free-trade-agreement we could do it in a paragraph - No more tariffs and everything comes in free," he said. "Instead, this thing is 1000 pages and the reason why it's so long is that it's filled with very carefully crafted language that favours very specific companies and very specific industries throughout it.

"Everything in it has people who care, a small lobbying group, that care very much about that one paragraph.

"It's nearly impossible for you and I, the press, or even the opposition, to have any idea really what it all does. It will take years to figure out who is actually behind these provisions.

"You have to ask: why 1000 pages?"