

# Australian Parliament Examines U.S. Free-Trade Deal

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By Michelle Nichols

CANBERRA (Reuters) - Australia's parliament was set to approve a free-trade deal with the United States after the government signaled on Monday it could accept opposition changes to legislation for the pact ahead of an election.

Prime Minister John Howard hinted he might agree to three opposition amendments designed to protect a government scheme that provides low-cost medicine.

His comments come as speculation grows that he will announce an election for September 18 within days, with polls showing his conservative government narrowly in the lead over a resurgent Labor opposition.

Legislation to approve the deal has been passed in the Australian parliament's lower house, but it faces tougher passage through the upper house, the Senate, where the government is in a minority and needs to secure four extra votes.

Labor introduced the amendments -- designed to restrict the ability of drug companies to challenge the sale of generic drugs -- into the Senate on Monday evening, a week after the party said its support was conditional on the changes.

Howard said he was getting legal advice on the amendments, which would see drug companies fined A\$10 million (\$7 million) if they used legal action to unreasonably delay the release of generic drugs, and would announce his stance on Tuesday.

The United States is sensitive about the issue because many medicine patents are held by U.S. drug firms.

"On the face of it, two things are clear -- firstly that it is unnecessary, but that won't be fatal as far as our attitude is concerned," Howard told Australian television.

"Because if Labor insists on it and agreeing to something unnecessary is the only way we have of getting the free trade agreement then I'll agree to something that's unnecessary."

President Bush signed the pact with Australia, a key ally in Iraq, into American law last Tuesday and the Australian Senate is due to vote on the deal this week.

A government-commissioned study found the trade deal with Australia's second-largest trading partner would add A\$6.1 billion (\$4.3 billion) a year to the nation's economy after 10 years. Bilateral trade is now worth about \$28 billion a year.

The trade pact, signed by Australia and the United States in February, upset Australia's farm industry as it only allowed for gradual expansion of beef and dairy exports and excluded Australia's sugar industry.

Labor also faced internal pressures over the pact, which had been opposed by its left-wing faction.

Howard's government said it would accept a Labor amendment to protect local content on Australian television and radio.

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