

House passes free trade law, Senate vote on hold

Sydney Morning Herald

Matt Wade

June 25, 2004

The free trade deal with the United States moved a step closer last night when legislation to bring the agreement into force passed in the lower house.

Fifteen Labor MPs voted with the Government in the House of Representatives, while more than 40 abstained. Labor has yet to say whether it will support the legislation in the Senate.

Just before the vote, a former Labor leader, Kim Beazley, spoke in support of the trade deal: "There are caveats in this, but I am about to support this [agreement] because, on balance, I think, it allows us to more effectively penetrate the American market."

However, he said it would still be appropriate to assess a final report by a Senate inquiry into the deal before that House ultimately voted on the deal.

The chairman of the Parliament's Treaties Committee, Andrew Southcott, said: "Tonight's vote confirms what we have already guessed, that the Labor Party is deeply split on this issue."

The Senate is not likely to vote on the legislation until August.

The Government has failed to back up its claim that the trade agreement with the US will not push up the cost of medicines, a report by a special Senate committee has found. Its interim report also raised concerns about the impact of the proposed trade deal on intellectual property rules, the quarantine system, projections for local cultural industries and the environment.

Labor said the concerns raised in the new Senate report showed a vote to ratify the agreement was premature and accused the Government of "ramming" the legislation through Parliament.

The manager of Opposition business, Julia Gillard, said the Government had only introduced the legislation because it could "smell some political advantage" by doing so.

The Government claims a provision in the trade deal to establish a review mechanism for the Pharmaceutical Benefits Scheme will not increase prescription prices, but the Senate committee remains unconvinced in its interim report.

"To date, the Government has not been able to back up these assurances with detail on how the changes that are required will be implemented, thus the actual effect of the changes cannot be conclusively determined," it said.

It said the agreement's proposal to extend the life of patents could delay the introduction of cheap generic drugs, meaning Australians would pay more for some drugs.

The committee would not be rushed, said its chairman, Labor's Senator Peter Cook, and would

now scrutinise the legislation introduced into Parliament this week to give effect to the deal.

"This agreement was completed in near record time," he said. "That fact alone requires the select committee to exercise care in satisfying itself of the terms of the agreement and framing recommendations ... Should the agreement come into force, it will then be too late to correct any unanticipated anomalies."

The Senate committee said the trade deal's intellectual property changes could restrain trade rather than liberalise it. It also canvassed conflicting economic modelling of the benefits of the trade deal.

A study by the Centre for International Economics found the deal could deliver a \$6 billion benefit in the long term.

However, an alternative study, commissioned by the Senate committee, found the annual gains to the economy would be a modest \$53 million.