

# Drug hitch may rock US free trade deal

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## Australian Associated Press

Australia may not meet a deadline this Sunday in the finalisation of the US Free Trade Agreement, with continuing disagreement about Australia's Pharmaceutical Benefits Scheme, Trade Minister Mark Vaile said today.

Mr Vaile said the FTA was supposed to come into force on January 1 and the agreement provided for an exchange of letters 60 days before that.

There was some flexibility to vary that timetable although there was not an extensive amount of time, he said.

Mr Vaile said he remained very confident the FTA would become effective on January 1 although he could not give an absolute undertaking.

"We both remain absolutely committed to achieving that implementation date and I am very confident that we will," he told ABC radio.

"But certainly, we might not meet the deadline on Sunday of this week.

"That's not the end of the game. We are working constructively at an officials' level with the Americans and making good progress through a number of issues."

Mr Vaile said the government was holding discussions with the US over both Labor's FTA amendment on generic drugs and on concerns the US pharmaceuticals industry had over the Coalition's election promise to cut the drug prices when cheaper generic versions hit the market.

"On both counts obviously we are in discussions with the US with regard to our view in terms of impact on those issues," he said.

"On the Labor amendments, we maintained from the outset that they were unnecessary because evergreening basically doesn't occur within our system.

"We are explaining (to the US) and making good progress on that - that these concerns are unfounded."

Evergreening is a process in which US drug companies continually lodge patents to prevent generic companies from marketing medicines more cheaply once the original patent expires. The practice is banned under Labor's Senate amendment.

Mr Vaile said there would be no concessions to the US on the FTA.

"We don't see any need to give any more ground to the US," he said.

"We are not going to renegotiate this agreement. The negotiations are over.

"This is the technical implementation of those negotiated outcomes."

Mr Vaile said the key issues of disagreement related to differences in interpretation of language and how that was implemented in law.

He said Australia and the US were now going through the technical process of checking the enabling legislation to make sure it was acceptable and accurately reflected the negotiated outcome.

Mr Vaile said the FTA was reflected differently in Australian and American law.

"My understanding is that our officials led by (Australian Ambassador) Michael Thawley in Washington are making very, very good progress," he said.

"We are probably getting much, much closer to resolving the outstanding issues."

**AAP**