

Congress moves to approve free trade agreement with Australia

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WASHINGTON (AP) -- Congress moved Wednesday to approve a free trade agreement with Australia, an important market for U.S. manufactured goods and a strong ally in the war against terrorism.

Pending votes on the deal in both the House and Senate, Australia would become only the seventh nation to enjoy a bilateral free-trade relationship with the United States.

"It will expand one of the most important bilateral relationships that exists," said Rep. David Dreier, R-Calif., as the House took up the agreement. A House vote Wednesday could be followed later in the day by Senate consideration of the legislation implementing the agreement signed by the two countries last February.

The measure has robust bipartisan backing because Australia, unlike other less developed free-trade partners, has strong labor rights and environmental laws.

But there were some detractors, mainly among lawmakers concerned about a gradual increase in beef and dairy products from Australia and a provision in the bill that some say could impede future legislative efforts to permit the reimportation of prescription drugs.

Under the agreement, 99 percent of American manufactured goods and all agriculture exports would immediately gain duty-free access. Other provisions give increased protection for intellectual property such as movies and video games.

Estimates are that it would result in a nearly \$2 billion increase in U.S. exports, which include autos, aircraft, chemicals, plastics and medical equipment. Current two-way trade in goods and services is about \$29 billion, with the United States enjoying a \$9 billion surplus.

Moreover, the agreement would reward Australia for its support of U.S. military actions in Afghanistan and Iraq. The economic pact, said House Ways and Means Committee Chairman Bill Thomas, R-Calif., is "strengthening an alliance that is as strong as any in the world."

Much of the debate in the House was over language under which Australia promises to be more transparent and accountable in operating its government-run system of subsidized drugs. The agreement also reconfirms U.S. law under which patent holders retain control over sale of imports of their products in the United States.

Critics warned that writing patent law into a trade agreement could thwart ongoing efforts to lift restrictions on the reimportation of cheap drugs from Canada and other countries.

"It is highly inappropriate in my view for the U.S. trade representative to negotiate a specific

provision in a free trade agreement that could create a potential conflict or violation of that law in the near future," said Rep. Jim McGovern, D-Mass.

But the USTR, in a letter Tuesday to Thomas, emphasized that the agreement creates no new legal rights for U.S. patent holders and that Australia already bans the export of its subsidized pharmaceuticals. It added that Congress can still change U.S. law on reimportation. "The Congress always retains its constitutional authority to change U.S. law," it said.

The Australia pact follows approval last year of free trade agreements with Chile and Singapore. Other countries with bilateral free trade relationships are Canada, Mexico, Israel and Jordan.

Advocates of free trade also hope to get a vote this year on an agreement signed with Morocco. Another far larger agreement, establishing a free trade zone with Central American countries, faces opposition from Democrats unhappy with language upholding labor standards in those countries, and is unlikely to come up this year.

The bill is H.R. 4759

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